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A Frantic Search for Survivors in Italy

Rescuers helping a woman in the southern Italian town of Samo on Thursday after she learned of the death of her husband in a mudslide. The rivers of mud that swept through several towns near Naples have killed at least 54 people. Page 5.

Duisenberg Calls Feud Over EU Bank 'Absurd'

No Timetable on Resignation, He Insists

By Barry James

AVIGNON, France --- The leaders of France and Germany moved Thursday to display unity and set aside their bitter quarrel over the European Central Bank, even as the bank's future chief castigated European leaders for the "slightly absurd" deal that led to his appointment.

President Jacques Chirac of France and Chancellor Helmut Kohl of Germany affirmed Thursday at a summit meeting here that the French-German friendship at the heart of Europe's monetary union had survived their dispute over the nomination of Wim Duisenberg as the head of the bank

Meanwhile, in Brussels, Mr. Duisenberg told European lawmakers that the bickering over the deal had left "a bad taste in the mouth." Speaking at a nominating hearing, he even said that he might not quit his post midterm.

'I have never stated that I will serve only four or five years," Mr. Duisenberg told the European Parliament

committee hearing.

"What I have done," he added, was to indicate "that I regard it not likely I will serve the full term."

Mr. Duisenberg appeared to win over the committee with sharp criticism of the way European Union leaders had handled his appointment. "I deplore the fact that the nanonality question has come so much to the fore, he said.

The negotiations over the bank pres-

idency almost broke down at the summit meeting in Brussels on Saturday, threatening the introduction of the European single currency, when France insisted that Mr. Duisenberg step down halfway through his eight-year term to make way for the governor of the Bank of France, Jean-Claude Trichet.

The dispute was resolved only when Mr. Duisenberg read out to ministers a statement that he was prepared to resign after four years, but without setting a specific date. The blatant way in which the French successfully applied political pressure in favor of their candidate cast a shadow over the central bank's independence and, analysts said, weakened Mr. Kohl politically in the months preceding a difficult election in September.

"Many people feel, Mr. Duisenberg, that your independence has been com-promised," said a British member of the European Parliament, Alan Donnelly, at

a the committee hearing.

Mr. Duisenberg replied that he did not think this was so, but acknowledged that he had come under "intense" political pressure to set a date for his departure.

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Mr. Kohl said in Brussels that the negotiations had been among the most difficult of his political career. But, looking more relaxed at the French-German summit meeting in Avignon, he said the dispute had not shaken a deep friendship between the two countries,

At the end of the two-day meeting in the Palace of the Popes here, he said

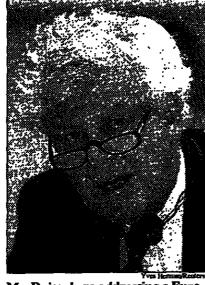
See EUROPE, Page 4



Mr. Duisenberg addressing a European Parliament panel Thursday.

forged over a half-century.

France and Germany would move ahead



Fast Lane for German Firms

Daimler-Benz Takes Over Chrysler as VW Acquires Rolls-Royce

By John Schmid

LONDON - German automakers moved boldly Thursday to extend their global influence as Daimler-Benz AG said it would acquire Chrysler Corp., and as Volkswagen AG won a come-from-behind bidding contest to buy Rolls-Royce Motor Cars Ltd., the luxury British carmaker.

The deal to create DaimlerChrysler, as the company will be called, is the biggest industrial takeover ever and the largest acquisition of a U.S. company by a foreign buyer.
"On the road to World Inc.," Ger-

many's Sueddeutsche Zeitung wrote. The trans-Atlantic deal, signed late Wednesday in London, is a \$92 billion share swap and does not involve a buyout, executives said.

An exuberant Juergen Schrempp, chairman of Dairnier and the man who initiated negotiations with Chrysler in January, said, "This is an historic agree-ment that will change the face of the auto industry." He added: "We will have the size, profitability and reach to take on anyone.

The transactions represent an ambitious push by both German carmakers to expand rapidly across borders and into new market segments. Daimler, which has been humbled in its recent efforts to launch subcompact models, effectively adds a full range of mass-market cars and minivans to its portfolio while VW continues a determined drive for upscale customers. (Page 13)

Taken together, analysts said, the two acquisitions reflect the powerful reemergence of the German auto industry after a searing recession earlier in the decade. Germany's automakers have been adding jobs, sales and capacity this year and posted record profits.

Although Chrysler's chairman, Robert Eaton, appearing with Mr. Schrempp on the neutral corporate territory of London, said the alliance was a 'merger of equals," it was clear that the German partner will dominate the new company, to be called DaimlerChrysler AG, with \$130 billion in annual rev-

Mr. Schrempp, 52, will become the sole chairman of the merged company following an initial three-year interim period when he will share the top job with Mr. Eaton to help integrate the two companies and their cultures, reducing Mr. Eaton, 58, to a transitional figure. Daimler, Germany's largest industrial group, will account for 57 percent of the company's equity base, which is valued at \$92 billion.

In its proposed purchase of Rolls-Royce, VW relied on its deep pockets to outbid rival German carmaker Bay-erische Motoren Werke AG — or BMW

for Rolls-Royce. After Rolls-Royce's parent company Vickers PLC only two weeks ago declared BMW the winner of the bidding war, VW raised its bid to £430 million (\$713.2 million), well above the £340 million offered by BMW. The deal must be approved by

shareholders, who meet in early June. Daimler and Chrysler both expect to add new jobs and capacity on both sides of the Atlantic because of the demand they expect as the combination opens new geographic markets for each, Both promised to avoid plant closures and layoffs. "We expect to grow employ-ment in Europe and the U.S. quite substantially," Mr. Eaton said.

Borrowing from another German newspaper headline, Mr. Schrempp called the combination a "match made in heaven." The two companies have minimal geographic or product overlap, meaning that Daimler can use

See DAIMLER, Page 12



Juergen Schrempp, left, Daimler-Benz chairman, and Robert Eaton, head of Chrysler, at the London announcement.

Car Deals: What's Under the Hood?

• For Daimler-Benz and Chrysler, the road ahead may be full of potholes. Page 12.

 Daimler-Benz's chairman, Juergen Schrempp, is firmly behind the wheel at the conglomerate. Page 12.

 Chrysler stake makes Kirk Kerkorian a big profit — and a big prophet. Page 12

Students Defy Skeptics

With Indonesia Protests

Marches Gain Broad Support, Off the Record

 German companies turn less German. Page 12.

By Keith B. Richburg

Washington Post Service

JAKARTA - The scene Thursday at

secretarial management school and

maritime academy here has been re-

peated almost daily on campuses around

late morning, some holding placards and

banners, some wearing the bright jackets

of their school colors, in this case purple.

They chanted for reform, sang patriotic

songs, and marched through the front

gates to test the mettle of the police and

security forces trying to keep the protest

shoving, as the students pressed against a

row of plastic shields and helmets. There

were scuffles. Finally, a director of the

school climbed atop a police truck, and

told the students through a barely aud-

ible megaphone that their cause was just,

they should continue the fight, and their

goal — the reform of the political system

the campus, there was a startling scene:

As the students filed, cheering, back to

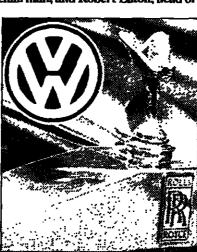
- would ultimately be achieved.

There was tension, some pushing and

within the confines of the campus.

Hundreds of students gathered in the

the capital and across the country.



The students exchanged handshakes and

high-five palm slaps with the policemen with whom minutes before they had been

"We're going to continue until the government hears our demands," said a

3-year-old economics student. "But

we're always looking to avoid any kind

of conflict. Avoiding conflict is best for

Riots over price rises end. Page 4.

both sides." Another student, a 27-year

old named Franky, added, "We are

revolt against the government. They are

organized, determined, and clear about

what they want - a complete economic, political and legal overhand of

crisis," said Dede, also an economics

student. "We want to get rid of cor-

ruption, collusion. These are things that

have been plaguing Indonesia for cen-

See INDONESIA, Page 4

Economics is only one side of the

The students are angry and in open

making a revolution in this country.

locked in nervous confrontation.

Mrs. Clinton Starts Storm By Backing 'Palestine'

By Brian Knowlton

WASHINGTON - The U.S. first lady, Hillary Rodham Clinton, prompted a furious reaction on Thursday after she went beyond official U.S. policy and said she supported the establishment of an independent Palestinian state.

Her comments, made in a satellite hook-up to schoolchildren in Geneva on Wednesday, were sure to fuel already heated accusations from legislators in Washington that the Clinton administration has been tilting toward the Palestinian position in the peace negotiations with

"I think it will be in the longterm interests of the Middle East for Palestine to be a state," Mrs. Clinton told American, Israeli and Palestinian students in Switzerland. The development of a Palestin-

ian state, she added, would be "very important" for the "broader goal of peace." Mrs. Clinton made the statement

after an Israeli student called her to task for using the word "Palestine" and pointed out that "right now this country does not exist." The administration quickly dis-

tanced itself from her comments, saying that they reflected only her personal view. They came at a highly sensitive

time, however.

With a special U.S. envoy, Dennis Ross, headed back to Israel on Thursday at the request of Prime Minister Benjamin Netanyahu. the Israeli government is hesitating about whether to accept U.S. terms for a new round of peace talks in Washington on Monday.

The official U.S. policy line is that it does not want to prejudge the outcome of final-status talks between Israel and the Palestinians on such sensitive matters as final borders and the status of Jerusalem.

Even before Mrs. Clinton's comments, members of Congress from both parties were accusing the administration of tilting toward the Palestinians and endangering the Middle East peace process by pressuring Israel. In a quirk of schedul-

See ISRAEL, Page 4

Economic Turmoil Clips the Wings of Asian Airlines

By Michael Richardson

SINGAPORE - The currency collapse and economic shump in East Asia are reshaping air travel in the region, with severely weakened airlines streamlining their operations and turning to stronger foreign partners - mainly from the United States and Europe - to cut costs and gain access to more buoyant markets.

Analysts say the result is likely to be an Asian aviation industry that is more efficient and profitable but less autonomous because its carriers will increasingly mesh their operations with powerful global airline alliances that are expected to dominate passenger and freight traffic in the 21st century.

For travelers, there will be both benefits and drawbacks, according to Jonathan Wall, editor of Business Traveler Asia Pacific magazine. The advantages of such alliances, he said, include joint frequent-flyer

of flights on certain routes, a corresponding diminution of choice, widely differing standards of service

programs, increased service and more efficient connections and easier ticketing.
"The most glaring drawbacks include a reduction

the eventual creation of an aviation order dominated by a handful of oligopolies," he said. Declan Magee, a transport analyst with HG Asia Securities Ltd. in Hong Kong, said: "There are a lot of

Indonesian society.

distressed airline companies in Asia that are now prepared to form strategic alliances or sell stakes to other carriers to get access to the money, markets and management expertise they need to help them recover. 'This creates opportunities for American and

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and corporate culture between alliance partners, and

See FLY, Page 17

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Thursday close

AGENDA

Unknown Vet to Be Exhumed

WASHINGTON (AP) - The remains of a Vietnam War veteran buried in the Tomb of the Unknowns were ordered exhumed Thursday to settle questions about whether he can, in fact, be identified.

The decision by Defense Secretary William Cohen comes one week after a Pentagon panel recommended that remains be exhamed from the Tomb of the Unknowns, the monument dedicated to the country's unidentified war dead. Ken Bacon, a Pentagon spokesman, said that Mr. Cohen

made the decision "after weighing the sanctity of the tomb with the need for the fullest possible accounting. "If we can identify the remains now, we have an obligation he said. The families, he said, "deserve nothing

The family of Lieutenant Michael Blassie, a fighter pilot missing during the Vietnam War, thinks the remains are his.

12 Billion Years Later, Flash!

Brightest Cosmic Explosion Recorded Finally Reaches Earth

By Kathy Sawyer

WASHINGTON - Astronomers have detected the brightest cosmic explosion documented in human history, a cataclysm that for one or two seconds might have burst with more light than all the stars in the universe combined.

The blast of high-energy gamma rays, a form of light invisible to unaided human eyes, was safely remote from Earth in time and space, having occurred 12 billion years ago in the young uni-

'The energy released by this burst in its first few seconds staggers the imagination," said Shrinivas

Kulkarni of the California Institute of Technology in Pasadena.

No one knows what produced the historic fireworks. But the event, and others like it that mig be detected, could open a window on the secret most violent events in the universe and on un processes that shaped the first generations of

form after the Big Bang, astronomers said. The light waves, weakened during their journey across the cosmos, reached Earth or 14. Although the distant cataclysm resem normal star when it was captured in satell iges, it triggered a global scramble among g

Sec COSMOS, Page 4

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Strip Mine Plan Threatens A Bucolic Hollow's Culture

LAIR, West Virginia — Sylvia Weekley's family has lived here, in Pigeon Roost Hollow, for so many decades that the 84-year-old matriarch no longer recalls precisely when her ancestors first arrived.

Like other hollows tucked into the folds of southern West Virginia's mountains, Pigeon Roost is a lush and woody haven that appears much as it did centuries ago. A whispering creek passes close to Mrs. Weekley's front door. Her son, daughter-inlaw and a grandson live in a house nearby.

It is a place largely untouched by time and

technology. Until now.

For all its rustic charm, Pigeon Roost is about to

The hollow lies at the foot of two mountains whose tops will be blasted away by Arch Coal Inc., a mining company in search of the valuable lowsulfur coal that is abundant throughout the region and is sold all over the world as a major fuel for electricity-generating plants. When the work begins, the hollow and the surrounding terrain will become part of a 3,100-acre (1,240-hectare) strip mine — the largest in the state's history.

In strip mining, mammoth machines remove coal

from veins near the surface by stripping away the land and vegetation. In mountaintop strip mining, the remaining rock and earth are usually dumped down the mountain, burying hollows and streams. erasing whole communities and polluting rivers and

Strip mining is hardly new to West Virginia and other coal-producing states. It was a hot environmental issue in the 1970s. when mining companies began using it as an alternative to underground mining, which is costlier and more dangerous. Because of the moonscape-like terrain it left behind, strip mining became so controversial that it led to federal regulations aimed at protecting the land and water-

ways.

Mountaintop removal, a form of strip mining, is not new, either. Over the last decade it has become favored by many mining companies as the most efficient kind of strip mining, allowing them to remove coal faster and with fewer workers than any other process because the coal generally lies close to the surface at higher

Recently, however, the debate over strip mining has been reinvigorated by a measure signed into law in April by Governor Cecil Underwood, a Republican who is a former coal company executive. The law would allow companies to dump even more of the

stripped land into the hollows and waterways below the mining sites before they would have to compensate the state for the damage.

Companies say they need the law to lower costs. West Virginia has a stake, too. Coal production has

always been a major source of employment and tax revenue in a state with few comparable options.

But the law has frightened residents of Pigeon Roost and places like it, and has renewed old and

bitter complaints that strip mining is an environmental disaster. Anger over Arch's pending operations in Blair, where mining has already driven out many families, led to a recent hearing where local residents and

environmentalists expressed opposition to the magnitude of the operation. This is our culture, life in these small hollows." Patricia Bragg, a resident of Pigeon Creek, said in an

*We know that the quality of life we hold so dear

is weighed against progress of the country," Ms.

that progress. People raise millions to save whales and walruses and birds, but the state doesn't lift a hand to save the most precious thing in the world, a person's way of life.

The law has also touched off a bitter dispute between state and federal officials who disagree over whether West Virginia is doing an adequate job of protecting the en-

Mountaintop mining now ac-counts for nearly a third of all the coal produced in the state, a 50 percent increase in 10 years. It is a major reason that coal prices remain far cheaper than gas or oil as a source of

Proponents insist that the law will have little if any adverse effect on West Virginia's environment.

"I do not think you will see any degradation of the environment in West Virginia, said William Raney, president of the West Virginia ginia Coal Association, a trade group
"If you do, I'll be the first in line to

Mr. Raney and other industry officials also say increasing sales of coal help stabilize the economy of a relatively poor state where the coal industry accounts for 16 percent of



A strip-mining operation that is under way in Blair, West Virginia, in which mountaintops are blasted off and the rock and earth are dumped into the valleys. Left, Sylvia Weeklev, 84, and her son

People like Larry Gibson, a retired auto worker whose family settled in the community of Kayford more than 150 years ago, do not need studies to confirm what they see. Since returning to West Virginia about 10 years ago, he has been fighting efforts by the coal companies to expand their stripmining operations.

T ONE TIME, he said, 30,000, people lived in Kayford, about 20 miles from Blair. Now the only permanent residents are the 100 or so members of Mr. Gibson's family who are buried at the top of Kayford Mountain. Mining on nearby peaks, which once were taller than Kayford Mountain, forced the remaining residents to leave, he said. Mr. Gibson and his relatives resisted selling the cemetery and adjacent land, on which they have built a small park. "It's emotional for me, walking around here." he said, moving about headstones that had been broken James. 57, at her home in Pigeon Roost Hollow, where her family has lived for generations. The town is scheduled to be obliterated by mining.

by flying rocks from the blasting. "My target is to slow or stop the devastation coal is doing to this state. It used to be a showcase around here."

Dynamite explosions that cause flying rocks as well as cracks in walls and ceilings far from the blast site are a constant problem for people living near mining operations. They have caused many residents to accept buyouts from the coal companies, who offer \$100,000 and more for some homes. While the price may seem generous, many residents say it barely compensates for the cost of moving to a new community, finding a new job and buying

another home. But the Hobson's choice of enduring months of noise, dust and rocks or abandoning towns where relatives have lived for generations is beyond reasonable for many residents of southern West Virginia.

"The bottom line, whether they offer you a fair price or not, is why do I have to move?" said Ms. Bragg. "As an American, I can choose where I want to live. If I choose to live in a hollow, call me a hick or a hillbilly, but that's where I want to live."

A Breath of Fresh Eire, and Clin. For Ulster Businessmen

By Warren Hoge New York Times Service

BALLYNAHINCH, Northern Ireland - While Northern Ireland's politicians have been taking forced first steps to bring the two parts of the Irish island closer together, the province's business people have been virtually razing the

counterparts in the predominantly Ro-

self-confident European nation with the Continent's best performing economy.

"There is quite a considerable chunk of the global economy sitting right down the road," said Sir George Quigley, chairman of Ulster Bank Ltd., "and it will benefit this part of the island to capitalize on the success of the other."

Business can do things that politics can't," said Claire Faulkner, 44, the managing director of Project Planning, a conference-organizing company that keeps its headquarters in this village of stone walls and leafy lanes south of Belfast, and a branch office in Dublin.

Ms. Faulkner is the daughter of Brian
Faulkner, a Protestant leader who a quarter-century ago served as prime minister of Northern Ireland.

She and other figures in business and finance in the North are among the most committed backers of the landmark settlement reached April 10 that is to be put to votes north and south of the border on May 22. "The peace that hopefully we're getting will bring a great flour-ishing of our industry," Ms. Faulkner

"Peace and prosperity are inextric-ably linked, and business has been singing that song since the early days of the talks," said Adam Ingram, Britain's minister here for security and the economy.

Like almost everyone in Northern Ire-

commerce have been personally touched by the confrontation between Catholics and Protestants. Bill Tosh, the chief executive of Unid-

are Plastics Ltd., in Portadown, lost two neighbors in a guerrilla bombing. The town, where the hard-line Protestant Orange Order was founded, is one of the violent flashpoints of the province. Christopher Gibson, a dairy company

director who is head of the Belfast office of the British Confederation of Industry, was the first cousin of Sir Maurice Gibson, the Chief Lord Justice of Appeal in Northern Ireland, who was blown up with his wife in their car in April 1987 by the Irish Republican Army. Both men head businesses with activities and customer bases in the South.

Ms. Faulkner swung her arm panoram-ically across the broad windows of her conference room, taking in soft green hills spotted with clumps of bright yellow gourse and crested by rolling mists. "Peace would make all the difference in selling this place — look, it's fabulous — in a way we can't at the moment," she said.

She told of the time that she sent out brochures for an upcoming conference with a picture of Belfast's Europa Hotel on the cover on the same day that photos were appearing around the world of the hotel facade destroyed by a bomb. Because of Northern Ireland's reputation she makes sure that clients are met at the airport, directed to cars and escorted to

long-disputed border.

Members of the predominantly Protestant commercial establishment have set aside the sectarian tensions that have the North. "They have reservations arrested Ulster's development in other about the security of supply." he said: "It really affects business decision-mak-

man Catholic Republic of Ireland.

Once the jewel of the Emerald Isle,
Northern Ireland has seen its own fortunes lag and its land plunged into de-cades of conflict and bloodshed while ical wrangling, people think this must be the once-derided South has grown into a a very negative place to invest. The only way was to get them here to talk to companies, and once that had happened, nine tenths of the battle was won."

When the IRA and Protestant paramilitary groups began cease-fires in 1994, residents of the North got a foretaste of what peace could mean to crossporder relations.

"Before that, nobody wanted to come here." Mr. Gibson said. "There was a lot, of rhetoric about the North, but very few people would get on a train or drive their car up. Then with the cease-fires, they came and they looked around and said 'This is as nice as our part of the island, and my goodness the people are

Tourism accounts for roughly 6 percent of the economies of most European countries, but only 2 percent here. It is the area that studies show would enjoy the most immediate increase and produce 20,000 new jobs. That is a critical need in Northern Ireland, which already has Britain's highest rate of unemployment and faces growing numbers of jobless once reductions start in the bloated civil service and vast private and public security apparatus that has been necessary during the conflict.

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Sir George said that cross-border business now topped \$2.5 billion a year and that an accord that brought stability could double that. According to Mr. Ingram, trade across

land, the men and women who are cross-ing the old battle lines in the name of rate of 10 percent over the last five

Synergies, the mantra of global busi-ness, grow abundantly on this verdant island. A company in the South making Irish biscuits favored in the North was exporting them across the Irish Sea to England, then up to Scotland and back across the water to Belfast. It recently realized there was a more direct way.

Clinton Rules Out Visit

President Bill Clinton has decided against visiting Ireland before the referendum this month on the Northern Ireland peace deal, Reuters reported Thursday from Washington. The White House spokesman, Michael McCury. said Mr. Clinton was satisfied that there was "enormous public support" to approve the deal, but that he believed a visit before the vote could affect the political situation.

Mr. Clinton had considered going to Ireland and Northern Ireland after a summit of the Group of Seven industrialized countries plus Russia in Birmingham. England, from May 15 to 17.

Seller of Tiny Key-Ring Pistol Dismisses Weapon's Deadliness

The Associated Press SOFIA — The company selling a tiny pistol resem- away as 20 meters. bling a key ring that can evade security devices played down on Thursday U.S. concerns that weapon is deadly.

weapon can't be lethal." said fense and security methods in Yordanka Nacheva, economic Sofia this year. director of Milex, the company that owns rights to the curity risk because it cannot be gun. She did not elaborate. Although designed to fire tectors and X-ray machines

could be deadly from as far Miss Nacheva said that the weapon had been produced for two years in two Bulgari-

rounds. Experts have said it

concerns that the an military plants and that it won a gold medal at an in-Tests have proved that this ternational exhibition of de-

The weapon is seen a sedetected by some metal degas cartidges to ward off at- and because key rings often are tackers, the 520 pistol can put in baskets that go around also fire two .32-caliber airport X-ray machines.

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TRAVEL UPDATE

SAS Set to Resume Danish Service

COPENHAGEN (Bloomberg) - Scandinavian Airlines System said Thursday that flights would resume Friday in Denmark, as the general strike that has gripped the nation since Monday was to end at midnight.

SAS Danmark said all traffic to European and overseas

destinations would be back to normal by Sunday. The Scandinavian airline canceled all its flights in and out of Copenhagen when the strike began. Vietnam Airlines has dropped service to Manila and canceled four domestic routes to save costs. Also, flights between Hanoi. Ho Chi Minh City and Seoul have been halved to two a

week: the Hanoi-Taipei route was cut to three flights a week from five, and the 11 Hanoi-Hong Kong flights a week, operated with Cathay Pacific Airways, will be cut to nine. (Bloomherg) Egypt has approved plans for construction of a new runway at the Cairo airport capable of handling the next generation of superjumbos being planned for the next century.

officials said Thursday. Fans of the Rome succer team Lazio destroyed check-in counters at Charles De Gaulle Airport near Paris after their

flights home Thursday were delayed.



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Don't miss it. A lot happens there.

WEATHER

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Middle East

Africa



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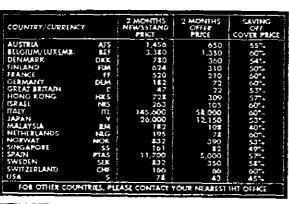
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THE AMERICAS

Starr and Clinton Camps Settle Down for Trench Warfare



Betty Currie, a Clinton secretary, arriving at a federal court Thursday.

From Clinton's Defenders, A New Strike at Prosecutor

By John M. Broder New York Times Service

WASHINGTON - Lawvers for the president and two senior White House aides have filed a sealed motion asking Judge Norma Holloway Johnson of the U.S. District Court to hold independent counsel Kenneth Starr in contempt of court for violating grand jury secrecy rules with "flagrant leaks" to the news

Mr. Starr was informed of the complaint, the second of its kind this year, in a letter Wednesday by President Bill Clinton's lead private lawyer, David

Mr. Kendall wrote that news reports Tuesday and Wednesday regarding Judge Johnson's ruling on the president's executive privilege claim 'plainly originated from your office."

Judge Johnson ruled Monday that the president could not use executive privilege to prevent questioning of his ports of the ruling." he said.

closest aides, according to officials and lawyers involved in the inquiry. The ruling was widely reported Wednes-

Mr. Starr proclaimed the judge's ruling "magnificent" in response to a television reporter's question Wednesday. Mr. Kendall and White House aides immediately seized on the comment as a violation of the stricture against any comment on grand jury matters.

These matters are under seal and Starr's violation of that seal is improper at best," said Joseph Lockhart, deputy White House press secretary. "It's up to the judge to decide at worst."
At a news conference Wednesday.

Mr. Clinton said he could not comment on the ruling because it is under seal. Jackie Bennett Jr., a deputy independent counsel, said the office "categor-

ically denies Kendall's accusations. This appears to be another effort by Kendall to divert attention from the re-

Investigation in Arkansas Fades Away, \$40 Million Later

By Doyle McManus, Jack Nelson and David Willman Los Angeles Times Service

WASHINGTON - After four years of investigations that scoured President Bill Clinton's home state of Arkansas. Kenneth Starr's grand jury in Little Rock went out of business this week without indicting the president or Hil-lary Rodham Clinton on any charges stemming from their long-ago Whitewater land deals.

But that quiet end came as little com-fort to the Clintons and their defenders, for Mr. Starr, the independent counsel, had long since moved his main base to Washington and shifted his focus, in the classic pattern of contemporary U.S. political scandals, from allegations of crime to charges of cover-up.

Both sides have settled in for a long struggle, one that may last until Mr. Clinton's presidency ends in 2001, or even longer.

There will be no end" until Mr. Clinton leaves office," predicted Har-old Ickes, a close Clinton adviser. "This is World War I trench warfare. Every-

body's hunkered down." Mr. Ickes added, "The White House has resigned itself to the view that this is

probably unending."
Mr. Starr has brought lawyers and detectives to Washington to aid in his inquiry of whether Mr. Clinton or his aides obstructed justice by attempting to

conceal a variety of alleged misdeeds. His immediate goal now is to answer this question: Did Mr. Clinton encourage Monica Lewinsky, a former White House intern, to lie under oath when she was asked whether they had a sexual relationship?

Mr. Starr's case now depends largely on whether he can persuade two women to testify against the president they served: Ms. Lewinsky, who is seeking immunity from prosecution, and Mr. Clinton's private secretary, Betty Currie, who appeared before the grand jury Wednesday and Thursday.

The dogged prosecutor must also labor against a tide of public indiffer-ence toward presidential dalliances and growing hostility toward his own grim

Mr. Starr's staff of 20 lawyers, plus dozens of FBI and Internal Revenue Service agents who assist him on temporary assignments, also is still considering whether the White House acted mproperly in collecting hundreds of FBI files on political figures or in dismissing officials in the White House travel office in 1993.

It is a long way from the original question that prompted the Whitewater investigation in 1994: Did the Clintons, long before they occupied the White House, knowingly take part in a scheme to obtain fraudulent loans from a federally insured savings and loan asso-

The quiet end of Mr. Starr's Arkansas grand jury was an implicit acknowledgment that the long investigation of Whitewater Development Corp. and Madison Guaranty Savings & Loan did not turn up any evidence that justified immediate criminal action against the president or his wife.

The inquiry did lead to the convictions of 14 Arkansans on fraud, conspiracy or bribery charges, including the former Clinton business partners James and Susan McDougal, and, ironically, a Clinton adversary, former Governor Jim Guy Tucker.

Rahm Emanuel, a White House aide. said he would like the lesson to read this way: After four years and \$40 million, there was no indictment of the first lady or the president. It has all come to

But Mr. Emanuel and other Clinton defenders acknowledged that their camp could not breathe easy. The president still faces the potentially embarrassing Lewinsky matter. Mrs. Clinton is still under scrutiny on whether she testified truthfully about her legal work on an Arkansas land deal separate from Whitewater and about law firm billing records that mysteriously disappeared, only to resurface in the White House residence quarters.

Lawyers said that despite the expiration of the Arkansas grand jury, Mr. Start can still use the evidence it gathered, either by presenting it to the grand jury in Washington or convening

a new grand jury in Little Rock. Mr. Starr's investigation can damage the president further, even if it produces no more criminal indictments. The independent counsel is required by law to report to Congress if he finds credible evidence that might prompt a president's impeachment. He is also required to write a final report of his findings, and is free to issue an interim report whenever he likes.

So, the White House has spent considerable time and energy seeking to delegitimize Mr. Starr as a politically motivated ideologue and a mercenary superlawyer.

'He's paid \$100,000 by the taxpayers, but he also gets to collect \$1 million plus from Big Tobacco and his other private clients," said Paul Begala, a White House aide and one of Mr. Clinton's most enthusiastic defenders. Why would he ever quit?

The attacks have had some effect: Public esteem for Mr. Starr, as measured in polls, has sunk precipitously; and Republican members of Congress who once professed to hope for an early report from the prosecutor have fallen conspicuously silent.

But in recent weeks. Mr. Starr has reacted to White House attacks with an

unusual series of public statements of his own, insisting that he is merely following the law's dictates. And, for the first time, he has hired a full-time press spokesman, Charles Bakaly 3d, a Los Angeles lawyer and former Ronald

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Reagan aide. Meanwhile, Mr. Clinton's private lawyer, David Kendall, accused Mr. Starr on Wednesday of leaking sealed information to the media and has asked the court to cite the prosecutor for con-

tempt.
Mr. Kendall said Mr. Starr's office had revealed a judge's sealed ruling rejecting Mr. Clinton's use of executive privilege to allow two presidential aides

to refuse to answer questions.

Mr. Bakaly denied the accusation as categorically false." The dispute about executive privilege

could still slow Mr. Starr's investigation for months or even years, lawyers said. In sealed motions, the White House reportedly has argued that officials cannot be compelled to testify about some of their conversations with either the

president or Mrs. Clinton. U.S. District Court Judge Norma Holloway Johnson, who is overseeing the Washington grand jury, ruled that the aides could not invoke executive privilege, a doctrine that protects official presidential business from judicial

scrutiny.

The White House has not said whether it will appeal the ruling to higher courts. But presidential aides described the claim of executive privilege as a matter of deep principle, which seemed to imply that an appeal was probable.

The impasse over executive privilege is significant because it is slowing Mr. Start's attempt to amass evidence about a possible White House-directed effort to silence Ms. Lewinsky.

The independent counsel has been trying to persuade Ms. Lewinsky to testify about such an effort. Some lawyers have suggested that he might even indict the 24-year-old former intern and threaten her with prison if she continues

Under those circumstances, members of Mr. Clinton's camp expect Ms. Lewinsky to testify, sooner or later — with results that could be damaging to the

Despite that prospect, Clinton aides insist that they are not deliberately waging a strategy of slowing Mr. Starr's investigation.

"It is in the president's interest to get this resolved," Mr. Begala said. "Justice delayed is justice denied." Still, they say, they are operating un-der the premise that Mr. Starr will be part of their landscape for the rest of the Clinton presidency — and perhaps even later. Independent counsels are not required to stop when their targets leave

POLITICAL NOTES

Republicans Gain In Primary Voting

WASHINGTON — In the ground war to control the House, Republicans advanced a step this week, modestly strengthening their chances of retaking an Ohio congressional seat that neither party has held longer than one term in the

And in Indiana. Republican primary voters picked a wild-card candidate on Tuesday to run against Representative Julia Carson, a potentially vulnerable Democrat in an Indianapolis district. Her challenger will be Gary Hoffmeister, a wealthy jeweler with no election experience, who ran what Democrats concede was a tough, wellorganized primary campaign that mobilized the Christian right and social conservatives.

With the Republicans holding an 11-seat House majority - the smallest in history — every inch gained or lost before Election Day. Nov. 3, counts.

Republicans in southeast Ohio succeeded in fending off the comeback bid of Frank Cremeans, a former representative who was considered so likely to lose in November that most of the state Republican establishment endorsed his opponent in the primary, Lieutenant Governor Nancy Hollister.

She is viewed as the strongest candidate to take on Representative Ted Strickland, a Democrat who was first elected in 1992 with 51 percent of the vote, lost in 1994 to Mr. Cremeans with 49 percent and reclaimed the seat in 1996 with 51 percent.

In the Indiana Republican primary for the Senate, Paul Helmke, the mayor of Fort Wayne, defeated John Price, a social con-servative, by 7.624 votes. (WP)

Affirmative Action Passes House Test

WASHINGTON - The House has defeated an amendment that would have barred public colleges and universities from using affirmative action in their admissions policies if they receive federal funds.

The 249-to-171 vote Wednesday marked the second time in five weeks that the House stopped short of repealing policies aimed at boosting minority representation.

Although Republican leaders expressed support for the proposal, 55 Republicans joined with 193 Democrats to defeat the plan.

Lawmakers debated whether the time for affirmative action was over as they considered the amendment to a bill about lower student loan interest rates and expanded federal grant programs.

Quote/Unquote

Robert Doman, a Republican who lost his seat in the House of Representatives in 1996 in what he called "the worst illegal voter fraud in this century," saying that he was looking past the Republican primary June 2 and toward a race against Representative Loretta Sanchez: "I've got the money in the mailbox to let the people know.
I'm baaaaaack.'' (AP)

New York Democrats Flailing as They Seek to Unseat D'Amato

By Blaine Harden Washington Past Service

NEW YORK — The three Democrats who covet Senator Alfonse D'Amato's job came to a midtown business breakfast here this week to strut their credentials. They had hardly begun to preen when each was slapped with a deflating question: What makes you think you can bring home the bacon like Big Al? As one questioner put it, "The people

in this audience believe no one has delivered the way Al D'Amato has. The contenders tried their best to den-

igrate the New York politician who an-wers to the name "Senator Pothole." Bashing the incumbent, after all, is their essential task in what may well prove to be the most expensive and bruising of the Senate races this year. But, as the campaign begins to take shape, it is a task that is not getting easier. For Mr. D'Amato, after a midterm

swoon in his approval ratings, is gaining momentum in the polls, is campaigning with his usual maniacal energy and has as much cash on hand - \$10.6 million - as the three Democrats combined.

So how did the Democrats disrespect the Republican over breakfast?

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22 Nasty rumor

and former vice presidential nominee. said that while Mr. D'Amato could do only short-term constituent services. she could deliver long-term systemic solutions to such fundamental social ills as troubled public schools.

The New York City public advocate Mark Green, a tart-tongued debater who polls show has the strongest appeal among city Democrats, said that, like Mr. D'Amato, he is a can-do kind of guy. Finally, Representative Charles

Schumer, the veteran lawmaker from Brooklyn who leads his Democratic rivals in money raised but trails in the polls, scolded Mr. D'Amato for never writing big-time legislation.

I think there is a desperate need in the Senate for legislators." he said. Was Mr. D'Amato worried about any of this? Not a chance. At that moment he was in his Manhattan office doing what he does best: hammering away on an issue that makes him look like a champion of downtrodden New Yorkers and making sure that he gets the credit in the newspapers and on television.

The object of Mr. D'Amato's efforts was Estelle Sapir, whose father died in the Holocaust. Crowning his crusade to is Mr. D'Amato's position as a New

Geraldine Ferraro, the front runner force Swiss banks to return assets deposited by Jews fleeing Nazi Germany, the senator announced that the giant Swiss bank Credit Suisse had caved in. agreeing to pay Miss Sapir an undisclosed settlement for savings her father had deposited during World War II. Nobody should have to wait 55

years for justice," the senator thundered while posing for pictures with Miss Sa-pir. A grateful Miss Sapir looked at the bearning Mr. D'Amato and said, 'The American people don't appreciate what they have in you.

Maybe so. But compared with what

they thought of him two years ago (when his unfavorable ratings pushed 60 percent). New Yorkers, at least, are warming up to their junior senator. Beside the Swiss bank issue, Mr. D'Amato has won positive coverage for fighting for insurance benefits for women with breast cancer and for packing a transportation bill with money for New York. Voters seem to have put aside what many viewed as bullying behavior by Mr. D'Amato when he was chairman of Senate committee investigating Whitewater

York power broker who funnels national party money to state and local candidates. He has led his party this decade as it has triumphed over the 3-to-2 edge Democrats hold over Republicans among registered voters. The senator commands a political machine that controls the governor's office, four of the state's biggest cities (including New York) and 56 of the 62 county governments.

All this, however, does not mean that he is no longer vulnerable. His unfavorable ratings still hover around 50

percent, which means, according to the Republican political consultant Joseph Mercurio, that he "is still definitely swimming upstream. Ms. Ferraro remains the odds-on fa-

vorite to win the Democratic nomination. But her early lead in the polls has faded. which could open up an expensive and bitterly contested Democratic primary, precisely what Mr. D'Amato wants.

"The race is still in play," Mr. Mercurio said, "but it is certainly moving in the right direction for D'Amato.'

Gingrich Bends an Ear to Corn Growers

WASHINGTON — Wary of angering Midwestern corn growers in an election year, the House speaker, Representative Newt Gingrich, Republican of Georgia, has squelched a drive by the chairman of the Ways and Means Committee, Representative Bill Archer, Republican of Texas, to eliminate a \$600million-a-year subsidy on the produc-tion of ethanol-based fuel.

The move was an extraordinary rebuke to a powerful chairman and loyal ally as well as a reversal of a recent decision by the House to allow the subsidy to expire in two years. Mr. Gingrich sided Wednesday with

the Senate and farm-state interests in continuing the tax break for the gasoline additive well into the next century.

The controversial but resilient program — a relic of the international oil crisis of the late 1970s — has been touted by its farm-state champions as crucial to reducing U.S. dependence on foreign oil and stimulating the farm economy. But Mr. Archer and scores of House critics have attacked the subsidy - which has cost the Treasury more than \$7 billion over the last 16 years — as the "poster child" for corporate welfare. Ethanol has been a financial boon to

corn farmers, the Archer Daniels Midland food conglomerate that produces half of it and the companies that produce gasohol, which competes with gasoline

A General Accounting Office study last year concluded that ethanol has done little to reduce the flow of oil

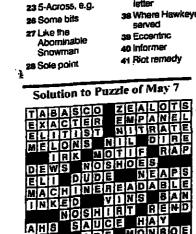
imports or diminish air pollution. The House at the behest of Mr. Archer and the Ways and Means Committee voted last month to phase out the subsidy as part of its version of the highway and mass transit reauthorization bill. Mr. Archer, one of the most influ-

ential politicians from a major oil pro-

ducing state, had planned to carry on his fight as a member of the House-Senate conference committee that is negotiating a compromise highway bill. While seniority dictated that Mr. Archer participate in the conference, Mr. Gingrich put off appointing him for nearly two weeks. On Wednesday, the speaker

said he was willing to allow Mr. Archerhis seat - but would stack the conference with two other pro-ethanol mem-. bers who would side with the Senate.

CROSSWORD



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44 Long campaign

O New York Times/Edited by Will Short:

FOR INVESTMENT INFORMATION Read THE MONEY REPORT every Saturday in the IHT.

Away From Politics An estimated 582,000 people moved to California last year, the second straight annual increase in the most populous state after a five-year decline. As of January, there are 33,252,000 California residents, the state Department of Finance said. Los Angeles remains the state's largest county, with 9.6 million residents. American drivers say in a poll that they favor installing cameras at intersections to take pictures of those who fail to stop. Pollster Lou Harris conducted the survey for Advocates for Highway and Auto Safety, an alliance of consumer, health, safety and insurance groups. By a margin of 65 percent to 30 percent, those polled said they favored use of cameras that snap pictures of red-light-running motorists. (AP) The daughter of a billionaire arms dealer says she acted in self-defense when she shot a professional polo player at her

\$2.3 million estate near Warrenton, Virginia. But he was eating breakfast when he died and was not threatening her, a prosecutor said as the trial of Susan Cummings opened. Ms. Cummings is accused of shooting Roberto Villegas, her former lover, four times at close range on Sept. 7.

· A hospital in Gallup, New Mexico, closed a wing after mouse droppings were found in a ventilation duct, prompting fears they might carry a virus that has killed several people in the Southwest in recent years. Workers were trying to trap the



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INTERNATIONAL

Netanyahu

'Unlikely' to

Meet Arafat

But U.S. Still Has Hopes

For Washington Summit

JERUSALEM — Prime Minister

Benjamin Netanyahu is unlikely to at-

tend a White House meeting on Monday with the Palestinian leader, Yasser Ara-

fat, a Netanyahu adviser said Thursday.
The adviser, David Bar-Ilan, said it
was "very unlikely" that Mr. Netanyahu would be going to Washington on

The United States, however, said

Thursday that it remained hopeful that

Mr. Netanyahu would be at the Wash-

"We remain hopeful," said a State
Department spokesman, James Foley.
"We believe the Israeli mind is still
open, certainly. I don't believe we have
heard the final word on that."

Mr. Netanyahu said on a CNN forum

he did not yet know whether he would go

to Washington for the meeting.

Mr. Bar-Ilan spoke as the U.S. envoy

to the Middle East, Dennis Ross, made

his way to Israel late Thursday in hopes

of coaxing Mr. Netanyahu into a break-

through peace deal with the Palestin-

Mr. Arafat warned that a failure to

break the protracted deadlock in the

peace process would lead to instability in

the region. Asked about the prospects of

violence should peace talks fail, Mr. Ara-fat said in Gaza: "No doubt, complete

confusion in the whole area. Not only in

The Palestinians insist they will only

go to the talks if an agreement on the U.S. proposals for West Bank troop

withdrawals by Israel is ready to sign. "We have accepted the U.S. invitation to come to Washington," said Nabil Abu Rudeina, a top Arafat aide. "But we

are going in order to sign an agreement.

not for more negotiations."

A U.S. official said Mr. Ross would

arrive in Israel on Friday afternoon and would probably meet with Mr. Netan-

Palestine but the whole region.

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The spokesman for Secretary of State Madeleine Albright, James Rubin, said in London that she "hopes these final days' discussions can make it possible for a meeting to occur in Washington next Monday based on acceptance of the American ideas that were discussed with Prime Minister Netanyahu and Chairman Arafat in London.

Asked what would happen if Mr. Netanyahu rejected the invitation, Mr. Rubin said: "We will re-examine the situation at that point."

Washington expects Israel to hand over 13 percent more of the West Bank, to resign will be my decision alone." to Palestinian rule as part of a package to settlements and Palestinian

Israeli political sources said Mr. Net- safeguard the bank's independence. anyahu, under conflicting pressure from all sides — Washington, hard-liners in his cabinet. Palestinians and Israel's opposition — wanted more time to iron out details before going to a summit.

"We are optimistic about the possibility that the gaps will be bridged although it is difficult to imagine that in the very short time between now and Monday we will be able to achieve concrete results." Mr. Bar-Ilan said.

Mr. Netanyahu's cabinet colleagues have so far agreed to hand over only 9 percent of the West Bank land. They say security concerns prevent Israel from transferring any more land until a final peace deal is reached.

Mr. Netanyahu said Thursday that he was not yet ready to take the U.S. proposals to his cabinet for approval. "You can only persuade when you are convinced," he said when asked if he was accept the U.S. proposal.

Continued from Page 1

late Thursday to a national Arab-Amer-

ican conference, possibly the first such

appearance by a sitting president.

The administration has proposed that

Israel withdraw from 13.1 percent of the

occupied West Bank as a condition for

opening the peace talks in Washington

speaker of the House, objected strenu-

ministration and Arafat against Israel,"

Newt Gingrich, the Republican

"Now it's become the Clinton ad-

'Israel must be able to decide her own

security needs," he said in a letter to Mr.

Clinton, "and set her own conditions for

negotiations without facing coercion

Another letter to Mr. Clinton that was

ican requirements publicly "can only American group.

signed by more than half the House's

435 members said that to present Amer-

undermine Israel's confidence" in the

Mr. Clinton denied that he was pres-

suring Israel unfairly, saying that his

goal was the same as Mr. Netanyahu's:

to expedite movement toward final-

could impose an agreement on them or

dictate their security to them, even if I

wished to do that, which I don't," he

Administration spokesmen at several

levels sought Thursday to cast the first

"She responds in a human, personal way when people express frustration,"

said the president's spokesman, Michael

McCurry. "At the same time the pres-

lady's comments as purely personal.

"There is no way in the world that I

after sessions in London this week.

ously to the U.S. condition.

he said Wednesday.

from the U.S.

peace process.

(Reuters, AFP, AP)

ISRAEL: Mrs. Clinton Sparks a Storm

he addresses issues that are fundamen-ing. President Bill Clinton was to speak tally important to the Middle East peace

process.

Clinton's statement.



Mariam Abadin, a 60-year-old Palestinian, expressing her anger Thursday that Israeli border guards were protecting Jewish settlers who occupied her house Wednesday in the Muslim quarter of Jerusalem's Old City. of more than 70 percent in the value of The settlers moved into the house after a Jewish seminarian was stabbed and killed while walking nearby.

Washington Cr. peployment in Riots in Medan Subside. portade la Radicalizing Los

Indonesian City's Shops Remain Shuttered

By Cindy Shiner
Washington Post Service

MEDAN, Indonesia - Calm returned Thursday to Indonesia's third largest city after three days of looting and rioting provoked by price increases for fuel, transportation and electricity.

Metal shutters were drawn across the doors of most businesses. Rioters damaged more than 100 shops throughout anto, who is also chief of the armed forces. the city this week, breaking windows and carrying away goods.

The words pribumi — native Indone-

sian - and Muslim were scrawled on the front of several stores. Most of the businesses targeted belong to ethnic Chinese, many of whom are Christian. Although Chinese make up only about 3 percent of the population in Indonesia, they are often targeted during times of political and economic turmoil because they con-

trol a majority of the retail economy.

Many Chinese have checked into hotels in the city or boarded planes out of town. A flight of their capital could further damage Indonesia's economy. which is already wracked by a decline currency, mass unemployment,

stalled trade and bankrupt businesses The violence "is not against the people, but their things," said Efendi Panjaitan, who works with a nougovernmental organization in Medan.

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Local reports said six people died in the unrest, including two who were shot by security forces and four who burned to death when their businesses were set on fire, But Defense Minister General Wirsaid no one had died in the rioting.

Hospital administrators said they had been barred from talking to reporters.

Local human rights workers said they had no reports of deaths, but said more than 400 people had been detained by security forces since April 23. Nearly 50 were still in detention, they said.

Many of those arrested were students. who have been staging demonstrations here for the past two weeks. The protests have often turned violent as security forces tried to prevent them from taking demonstrations off campus and into the streets. Two universities were closed in Medan as a result Rioting broke out in Medan on Monday night after the government announced that it was raising prices on fuel, transportation and electricity as part of a measure to lift subsidies to comply with the terms of a bailout by the International Monetary Fund.

Student demonstrations, however, have been held in cities across the comtry for more than two months, and there are increasing calls for President

Suharto to step down.

General Wiranto told reporters in the capital, Jakarta, that the military supported reform but that the "moral action" of students should be directed toward more productive activities. He also called for "stern action" to deal with the rioting, which has spread to other communities near Medan

The violence has had a profound impact on regional markets, despite postive signs that the government is following through with economic reforms as part of its agreement with the IMF.
The dollar rose to 10,000 rupiah on

Thursday. It was the local currency's lowest level in two months. The dollar dropped back to 9,500 rupiah at the close

Weakened, Kohl Says: 'Visionaries Are the Realists' campaigner re-emerged with a smile. "You've got used to seeing me and Reuters also sounded as if he did not expect to peoples remain," Mr. Kohl mused in a see him at the next summit meeting monologue on French-German friend-

Helmut Kohl, attending what could be later this year. his last French-German summit meeting, looked beyond petty Paris-Bonn wrangling Thursday to remind his hosts that "visionaries are the true realists in

In a monologue sounding like a farewell address, the chancellor held battle over the European Central Bank last weekend, sat listening with a

Mr. Chirac's praise for Mr. Kohl, who he said had "profoundly marked the history of European integration,

Mr. Kohl, looking worn out after 16 years in office, trails far behind his Social Democratic challenger, Gerhard Schroeder, in the opinion polls before Germany's general election in Septem-

farewell address, the chancenon many forth on European unity while President Jacques Chirac, his adversary in a president, Wim Duisenberg, make way in 2002 for the governor of the French Jean Claude Trichet, may The bank dispute, brought to a head central bank, Jean-Claude Trichet, may have been the final nail in the coffin for his re-election hopes, German com-

ship at a news conference ending the

He said that anyone who, like himself, had promoted cooperation between the former enemies over the past half-century knew it had been a long and difficult path toward greater

But it has opened up a horizon for the future that seemed impossible back then," he went on. "It is good to recall in moments like this that visionaries were always the true realists in his-

Asked afterward if this was his last 'Governments come and go, but the summit meeting, the never-say-die more nationalist Mr. Chirac.

you're seeing new faces on your television screens," Mr. Kohl said, referring to the younger and more telegenic Mr. Schroeder. "I advise you to get even more used to seeing my face. I will come again."

Although he was sitting next to Mr.

Chirac, Mr. Kohl's monologue sounded more like the philosophical discus-

sions he used to hold with the former French president, Francois Mitterrand. Mr. Mitterrand shared the chancel-

lor's pro-European vision and played the game of mutual give and take far more subtly than the impulsive and

BRIEFLY

INDONESIA: Support for Students

Continued from Page 1

turies. We need a moral reform, too." Their movement may lack clearly dis-cernible leaders, but in the two months since the protests began, the students have surprised the skeptics with the so-phistication of their demands, their stay-ing power, and their ability to elicit sympathy from faculty and the broader Indonesian population distillusioned by the country's economic collapse.

What is less certain at this stage is whether this campus-based protest movement represents the beginnings of a broad "People Power" movement of the type that toppled the longtime dictator Ferdinand Marcos of the Philippines and that ultimately may bring down President Suharto and his 32-year-old New Order regime. New Order refers to the governing system, which views economic development as the nation's priority

and restricts many political freedoms. "We're in a new phase in Indonesian politics," a Western diplomat said. "It's clear that the legitimacy of the regime is under challenge.' "It's the first phase of a situation

that's not the same as any other period in the New Order," the diplomat added. One thing that is clear is that the students enjoy widespread sympathy from the general public, even if few here so far seem willing to join their protests.

"Ask anyone off-the-record, and the will tell you where their hearts lay," said Wimar Witoelar, a businessman, gov-emment critic, and former campus activist from Bandung in the 1960s. "But ask them to do something about it, and they will say. 'Let me think about at'

The student movement will be like an earthquake that will jar loose some alliances, some loyalties," he added. "I believe that change can be achieved almost by the force of public opinion, if it is joined by market forces. Mr. Wimar said. There is a confidence between what the students don't like and

what the markets don't like.' For the moment, many seem to share the view of a 39-year-old bus drived named Darsalam, who is upset over the 70 percent increase in fuel prices this week - but not willing to take to the streets in protest. "We already have our representatives — the students across the street, he said, pointing to the nearby Trisakti

University across an expansive highway Raswan Suryana, a leader of an unregistered labor union known by the Indonesian acronym SBSI, had this to \$25. We agree with what the students are demonstrating for, and we will support them from behind." He said "only a few people are brave enough" to demonstrate, adding that "many ordinary people can be very frightened by the news

of kidnappings and torture of students. The students at this stage seem undeterred by the reluctance of others to protest with them. In fact, many of them say they do not want outsiders joining in even as they voice the concerns of Indonesia's poor and dispossessed because, they say, they do not want their movement "soiled." either by the possibility of violence, or being taken over

by those with a distinct political agenda-"We're really just trying to restrict it to the students," said a 20-year-old medical student from the University of Indonesia. "Once you get other factions coming in, be they liberals or socialists of whatever, that's when it gets chaobe

"If things don't change," the medical student added, "it could become another Papala Barrell B People Power, because there's a lot of hardship now. But that's when things could really get chaotic."

EUROPE: Duisenberg Derides 'Slightly Absurd' Deal for Bank

Continued from Page 1

by presenting a joint proposal on EU
decision-making at the Union's summit
meeting in England next month.

Seeking to defend his credibility, Mr.

Hans Tietmeyer, said Thursday,
Bloomberg News reported from Rome.

"There will presumably also be a
further convergence of central bank

not have accepted the bank presidency if France's conditions for a specific departure date had been accepted. He said he did not intend to serve the full term, but he emphasized, "The timing of the decision

The appointment has touched off a aror in Germany and elsewhere because tough issues as borders, Jerusalem, Jew- the Maastricht Treaty on European Union states that the bank president must serve an eight-year term, precisely to

Mr. Duisenberg was appointed for eight years, but on the understanding he remains only until 2002, when the notes and coins for the euro are introduced. In theory, at least, Mr. Duisenberg could legally renege on his gentleman's agreement and remain in office until 2006.

On the other hand, he indicated he might not accept the job at all if the European Parliament voted against him at a plenary session next week. The Parliament cannot undo the decision by the heads of state and governments last weekend. But a senior Parliament official said there was a lot of "discontent and disquiet" among lawmakers, which could lead to censure of governments for the way the decision was taken.

■ Tietmeyer Calls for Cooperation

European central banks need to increase cooperation on interest-rate ready to urge his coalition partners to policy before a single currency is cre-

ident is very precise in the way in which

Palestinian officials embraced Mrs.

Ahmed Abdel Rahman, an aide to the

Palestinian leader Yasser Arafat, de-

scribed it as "a sign of the growing

understanding by the American people

of the Palestinian cause despite Israeli

hoped her stance "becomes an official

The president's appearance before the Arab American Institute on Thursday

night was planned long ago. A White

House spokesman said that Mr. Clinton

would make "an outreach speech,"

James Zogby, president of the insti-

tute, said the appearance was a first

because President George Bush had met

with a local but not a national Arab-

He said that Mr. Clinton's presence

"The message is, we're part of Amer-

carried a ringing message of acceptance

ment. Mr. Clinton, nonetheless, main-

tains strong support among many Amer-

ican Jews, who are divided over Mr.

sees Clinton as among Israel's best

friends and it would take a lot to change

that," said Rabbi Yehiel Eckstein, president of the International Fellowship of

"The American Jewish community

of Arab-Americans.

community.

Netanyahu.

breaking no foreign policy ground.

policy of the American administration."

He told Agence France-Presse that he

term rates does not have to start impolicy than the Bundesbank if it is to mediately, the Bundesbank president, retain public support during tough times,

There will presumably also be a ported from Vienna.. Duisenberg said in Brussels that he would rates," Mr. Tietmeyer said in a speech at of the euro and the creation of the bank the spring meeting of the Institute of International Finance. "However, such convergence need not take place at the very beginning of the interim period."

■ IMF Appeals for Openness

Tietmeyer, said Thursday, the International Monetary Fund's chief economist said Thursday, Reuters re-Michael Mussa said the introduction

ensured a single monetary policy but that the bank still needed to decide on the balance of its monetary targets. "There needs to be a complete ex-

planation of what that policy is by an accountable central bank," Mr. Mussa The European Central Bank must be said at a conference on economic policy

COSMOS: Boom! Quite a Long Time Back a single point, known as a singularity.

Continued from Page 1

tutions discussed the discovery at a news conference at NASA headquarters Wednesday and in three papers published Thursday in the journal Nature.

The origins of the Big Bang lie beyond the realm of known physics, but scientists say they have hopes of collecting enough additional data to explain the event in Ursa Major. Meanwhile, theorists said they cannot explain how such prodigious high-energy radiation was produced in such a short time.

I was astounded when I heard these results," said Stan Woosley of the University of California, Santa Cruz, a theorist specializing in astronomical ex-plosions. "This was the greatest documented explosion since the dawn of man - and woman." One of the few existing models that

might explain the blast in Ursa Major is that of a "hypernova" - the violent collapse of an extraordinarily large star, 80 to 100 times the mass of the sun, into a rotating black hole, Mr. Kulkarni said. 'On the other hand, this is such an extreme phenomenon that it is possible we are dealing with something completely unanticipated and even more

More flamboyant scenarios, such as a black hole swallowing a neutron star, might have to be explored, Mr. Woosley said. A black hole is a concentration of matter whose gravitational field is so strong that nothing that falls into it can ever get out again, including light. A neutron star is an object that has stopped just short of becoming a black hole, whose matter is so dense that about a teaspoon of it would weigh a million

To emit gamma rays, the matter that exploded had to be expanding outward at almost the speed of light, astronomers

Some speculated that the high-energy radiation was not a spherical blast but a directional beam, like a flashlight, aimed directly at Earth, so that it gave the impression of more energy than was actually involved. This would make the blast a less bizarre phenomenon but it would also mean there were many more such explosions occurring around the edges of the universe that are not being detected because they are beaming in another direction.

The mysterious phenomenon of gamma ray bursts, whose light does not penetrate Earth's atmosphere, was first detected in 1967 by orbiting satellites designed to watch for clandestine nuclear testing. In the early 1990s, scientists began to launch sophisticated instruments designed specifically to solve the riddle of the bursts' origins.

NASA's Compton Gamma-Ray Observatory, launched in 1991, startled scientists by revealing that the bursts crupted randomly from every direction in the sky. The Italian-Dutch BeppoSAX satellite, launched in 1996, finally confirmed that most of the bursts are immensely powerful events occurring in the remote

ray astronomers who quickly aimed other ground and space-based telescopes toward the point of origin in the constellation Ursa Major, the Big Bear. Observing teams from Caltech,

Columbia University and other insti-

Within a region perhaps 25 miles (40 kilometers) in diameter, said Caltech's George Djorgovski, the event must have created conditions that resembled the dense and soupy state of the cosmos Bang, with temperatures around 40 bil-lion degrees. That was the primal ex-

1/1000th of a second after the initial Big crease cooperation on interest-rate plosion in which, according to widely policy before a single currency is created, though bridging the gap in short-rated, though bridging the gap in short-rated plosion in which, according to widely accepted theory, the entire known universe suddenly blossomed outward from

Prime Minister Benjamin Netanyahu, at a meeting Thursday of the Knesset foreign affairs committee.

Christians and Jews. "Their investment in the Democratic Party and in Clinton are just too strong.

■ U.S. Jewish Groups Are Upset

U.S. Jewish organizations swiftly denounced the statehood comments by Mrs. Clinton, Agence France-Presse reican politics — a respected, included ported from Washington.

Malcolm Hoenlein of the Conference In the Mideast peace talks, the Clinton of Presidents of Major Jewish Orgaadministration's patience has grown nizations called the remarks "partic-short because of what it sees as the ularly disturbing at this time." The inflexibility of the Netanyahu govern- group represents some 50 Jewish associations in the United States. Politicians from New York also re-

acted quickly. Senator Alfonse D'Amato, a Repub-

lican, called the first lady's comments "simply wrong" while Representative Charles Schumer, a Democratic candidate for Mr. D'Amato's seat, said he was "vexed and disturbed."

Baghdad Claims To Snub Bomb Offer

BAGHDAD - Iraq said Thursday that it turned down an offer of help to build a nuclear bomb with Pakistani expertise and then reported the matter to the world's nuclear watchdog organization. ------A spokesman for Iraq's culture

and information minister said the made by a Great mediary, who asked Iraq if it would like an introduction to a Pakistani scientist who could help it build a nuclear bomb. The spokesman said Iraq rejected

the overture as "an intelligence trick" and informed the International Atomic Energy Agency of the The Vienna-based agency said it

was investigating an internal traqi note implying that Pakistan may have offered to help Baghdad build "The implication is clear," an

agency spokesman, David Kyd, said. "It was only a feeler put out to see if there was interest on the Iraqi Mr. Kyd added that Pakistan has

said there was nothing to the al-

In Khartoum, Deal Gets Chilly Review

KHARTOUM, Sudan — A par-tial agreement reached by the Sudanese government and southern rebels at peace talks in Kenya won a less-than-enthusiastic reception in Khartoum on Thursday. After two days of talks that ended in Nairobi on Wednesday, the Islamic government and rebels of the Sudan People's Liberation Army agreed to an internationally supervised vote on selfdetermination for the south. But they disagreed on the region's boundaries and the issue of religion and state. Amin Omar Imam, a member of

Parliament, said it was a waste of time for the government to talk to the rebels, who are led by Colonel John Garang. Foreign Minister Mustafa Osman Ismail of Sudan said in Nairobi that the government was committed to a referendum on self-determination in southern Su-

Torrential Rains Cripple Paraguay

GENEVA - Heavy flooding caused by torrential rains has forced about 75,000 people from their homes in Paraguay and has spread to the southern part of the country, the United Nations said Thursday The most critical situation is in

Pilar, a town of 25,000 in Neembucu Province, where the Parana River is running eight meters (26.4 feet) above its normal level and is expected to continue rising, the UN Office for the Coordination of Humanitarian Affairs said. Weather patterns have been

blamed for unleashing the worst

storms of the century across Latin

America in recent months. (Reuters)

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Washington Criticizes Deployment in Kosovo

Belgrade Is 'Radicalizing' Locals, Envoy Says

By R. Jeffrey Smith Washington Post Service

WASHINGTON - The Clinton administration has sharply criticized the Yugoslav government for undertaking what a senior official described as a "large-scale" deployment of infantry, tanks and artillery near the country's southern border with Albania, calling it a "dangerous provocation" that could

inflame regional tensions. U.S. officials said the border deployment amounted to a roughly battalionsized military force and described it as just one part of a substantial recent influx of additional security personnel

EUPact Clears . Its First Barrier In Danish Vote

COPENHAGEN - Parliament formally ratified the European Union's Amsterdam treaty on Thursday, but Denmark's final seal of approval depends on the outcome of a national referendum on May 28.

The single-chamber house voted 92 to 22 in favor of the treaty, which opens the door for EU enlargement eastward and a common policy on refugees and asylum. It must be ratified by all EU members to take effect.

Opinion polls for the referendum have put Danish support for the treaty at around 50 percent, while opponents have tended to score around 30 per-

With a fifth of voters undecided, political analysts say the outcome is not certain, although most expect approv-

■ Parliament Votes End of Strike

The Danish Parliament adopted a government proposal on Thursday night to end the country's biggest strike in 13 years, Reuters reported. The strike had crippled industry and transport, drained gasoline stations and reduced hospitals to emergency operations.

The Parliament passed the bill by a vote of 95 to 12, with 10 abstentions. Most of the 450,000 people on strike or locked out since April 27 are due back at

work by Monday.

Weekend shift workers, as well as some bus and truck drivers, could be working as early as Friday, which is a public holiday in Denmark.

and regular army troops from Serbia into the southern province of Kosovo. Home to roughly 2 million people, Kosovo has been the site of rising tensions and sporadic violent clashes between Serbian security forces and its 90 percent population of ethnic Albanians, who almost universally favor the creation of an independent state.

President Bill Clinton's special representative for the Balkans, Robert Gel-bard, painted a grim picture Wednesday of conditions in the province and re-iterated the U.S. warning that the ten-sions could destabilize both Albania and neighboring Macedonia if the dispute was not settled soon through political

The heavy-handed resort to force and atrocities rather than dialogue" by Belgrade is producing "increased radicalization" in Kosovo, Mr. Gelbard said, adding that Serbian and ethnic Albanian extremists were both becoming more numerous and influential.

The Serb special police, or paramilitary units, in Kosovo have tripled in size in the past two months, he said. 'This is a substantial escalation in

light of the signal it sends; that Belgrade is prepared to use the full force of the military against its own citizens," he Mr. Gelbard added that the harsh

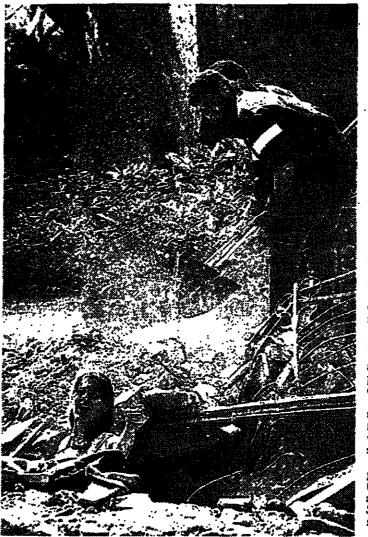
crackdown had so angered Kosovars that thousands had joined the ranks of guerrillas fighting for the province's independence. "We've seen a huge increase in terms of people, weapons and money flowing in," he said. Mr. Gelbard, who spoke during an

appearance before the Senate Foreign Relations subcommittee on Europe, said that although Yugoslavia had a legit-imate right to defend its borders, its avowed aim of stopping the smuggling of arms by small groups of ethnic Albanian extremists in remote mountain passes does not track with the large-scale deployment of tanks and artillery.

He added that Washington and its allies had told Belgrade "in no uncertain terms" not to stage military operations on Albanian or Macedonian territory. But neither Mr. Gelbard nor other U.S. officials have specified what the consequences would be.

■ Milosevic Said to Pick Mediator

Former Prime Minister Felipe Gonzalez of Spain will visit Brussels on Friday as diplomatic sources quoted Western officials as saying he might be able to announce that the Yugoslav president, Slobodan Milosevic, had accepted him as a mediator in the Kosovo crisis, ending opposition to outside intervention, Reuters reported.



With relief workers watching, a woman dug through the remains dow and pull out the bodies of two doctors, a of her house in Sarno, Italy, on Thursday, looking for relatives. nurse, a doorman and a patient.

Death Toll at 54 In Italian Slides

حكذا من الاجل

SARNO, Italy — Thousands of rescuers and soldiers scoured villages in the Campania region of southern Italy on Thursday in a desperate search for about 100 people missing after mudslides turned into rivers of death,

after mudsines turned into rivers of deam, killing at least 54 people.

"Unfortunately, as the hours pass, hopes of finding any of the missing still alive are fading," Andrea Todisco, and official of the Interior Ministry's civil protection agency, said.

Many children were feared to be among the

dead and missing.

Around 1,500 people have been left homeless in the hard-hit region south and east of Naples and have been evacuated.

Damage was estimated at hundreds of millions of dollars. The mudslides are one of the worst natural disasters to hit Italy in years and come just

months after three strong earthquakes killed
11 people and left more than 1,000 homeless
in the central region of Umbria.
Pope John Paul II described the mudslides
as a "shocking disaster" and said he was

praying for the injured and the families of the dead and missing.

Days of torrential rain swept mud and top-

soil off mountains and hills in the areas affected and combined to create a fast-flowing wave of mud, which some locals have described as similar to lava flows.

In one case Wednesday, black tides of mud gushed down a mountainside, smashing through the back of the Villa Malta hospital and oozing through the doors and windows. Some patients escaped by climbing down sheets fied to balconies.

After digging through with their hands,

Russia Bristles at NASA's Criticism

MOSCOW - A Russian official criticized as "regrettable and unpleasant" on Thursday comments by the head of NASA about Russia's role in building a new International Space Station.

The National Aeronautics and Space Administration chief, Daniel Goldin, told Congress on Wednesday that he had made a mistake in letting Russia build the service module for the station, where the astronauts would live. The project, which has cost more than

\$20 billion, is running well behind schedule.

The International Space Station brings together the United States, Russia, Canada, Japan and various European states in an ambitious program to keep humans permanently orbiting in

A Russian official said last week that

the launching of the new station's first section would be put back from June until autumn because of Russian delays become a valuable player in the International Space Station, which is expected to stay in orbit for decades. in completing the service module. The service module is now set to be launched in the spring of 1999, a year behind schedule.

Mr. Goldin told the House of Representatives Science Committee that he wished, with hindsight, that the United States had built it. "We did not, and I accept responsibility and accountability for that.'

Economic turmoil in Russia has left its space agency underfunded. Mr. Goldin said that it had received only \$8.million of \$340 million it needs this year from the government for its commitments.

But Alexei Krasnov, the Russia Space Agency's deputy head of international cooperation, said Moscow would overcome its financial woes and Within a year or even less, three

modules will be in orbit and then few will recall these problems," he said. In his statement to the congressional

committee, Mr. Goldin said Russian participation was still clearly a net gain for the United States. 'Our confidence in Russian tech-

nical capability remains unshaken," he said. "The issue is uncertainty in Russian government funding for ISS." A Russian government spokesman

declined to comment on Thursday, but a Foreign Ministry spokesman, Valeri Nesterushkin, said international cooperation was essential for future space missions, adding that Russian now faces 'a temporary problem which we can get over together through joint efforts."

BRIEFLY

Suspected Killer Of 8 Held in Italy

ROME — Paramilitary policemen arrested a man with a history of psychiatric problems as the suspected killer of two women who were shot in train toilets last month and six other victims, Italian news reports said Thursday.

The police said Donato Bilancia. 47, who had a criminal record for car theft, was tailed by investigators for 10 days after a stolen car turned up that matched the description of the small car into which one of the victims, a Nigerian prostitute, was seen entering the night she was murdered, the ANSA news agency reported from Genoa.

The man was arrested Wednesday as he returned to his home in Genoa, near the area of northwest Italy where four other prostitutes

were murdered. The deaths of two security guards were also linked to the slayings. (AP)

Dutch Parties Face Coalition Haggling

AMSTERDAM --- Dutch politicians faced tough negotiations to form a government on Thursday after a general election that bolstered Prime Minister Wim Kok of the Labor Party and his Liberal coalition partner.

Both parties sought to team up again with the centrist Democrats 66, the third member of the outgoing coalition, even though it lost nearly half of its seats in Wednesday's vote.

The Democrats 66 leader, Els Borst, acting health minister, has made it clear she will demand a high price for her party's cooperation. She seeks three ministerial posts, one more than her party's showing should allow. (Reuters)

Spaniard Fined For Harassment

MADRID - A court in Barcelona has handed down the country's first conviction in a sexual harassment case, authorities said. The court on Wednesday found

Jose Luis Balaguer, chief of security for a shopping center, guilty of making unwanted sexual advances to a female subordinate and ordered him to pay about \$5,000 in fines and compensation, according to court spokeswoman. (Reuters)

ASIA

Estrada Acts to Assure **Business in Philippines**

He Vows to Name Banker as Economic Aide

Compiled by Our Staff From Disputches

MANILA - Vice President Joseph Estrada, who opinion polls say will win a landslide victory in the presidential election in the Philippines on Monday, tried Thursday to reassure a nervous business community by saying that he would name a banker to lead his economic team if he wins.

With 33 percent in the latest polls, Mr. Estrada has more than double the support of any other of the 11 rivals fighting to succeed President Fidel Ramos.

"We're pulling ahead," Mr. Estrada said at a news conference at the Philippine Stock Exchange. "I think it's all over but the counting,"

He announced that he would select as

his finance secretary Edgardo Espiritu, a banker and one of the few prominent businessmen to support him. Mr. Ramos, who must retire after a

single six-year term, warned Mr. Estrada not to celebrate until the official election results were known. Counting is expected to take about two weeks. I just hope that they are not imag-ining or anticipating because after all

the more prudent and decent approach is to just wait for the results," the pres-Since elections for the two top posts are held separately, Mr. Estrada, a 61-

year-old former movie actor, is Mr. Ramos's vice president although he is in the opposition camp. Jose de Venecia, who is backed for president by Mr. Ramos, was second in the latest poll with 15 percent support

among voters. The survey, conducted by the respected Social Weather Stations, said that two independent candidates, Senator Raul Roco and Emilio Osmena, were tied for third with 11 percent. Nine percent of respondents were undecided and 26 percent said they could still

"easily" change their minds.

At the stock exchange, Mr. Estrada met with brokers who, wary of his lack of economic background, said in a recent survey that he was almost at the bottom of their list of presidential fa-

The market remained weighed down on Thursday by concerns over the political tension in Indonesia as well as the outcome of the election here. The Manila composite stock index closed down 21.16 points, or 0.96 percent, at

The index was hurt by a sharp morning plunge in the peso to a three-month low of 42 to the dollar.

The currency recovered to close at 39.86 as traders bought cheaply, feeling that the fail was overdone, given reasonable economic fundamentals in the Philippines compared to some Asian countries.

Even so, the central bank was prompted to issue a warning that it was ready to act against future speculative pressure. Although members of the business community have expressed concern about an Estrada victory, some are get-

ting used to the idea.

"People are now willing to wait and see if he will pursue the policies that Ramos has started," said Freddie Reyes, a trader at Citisecurities. "There's some potential there.

People will just wait and see what will happen once he becomes elected."
Under Mr. Ramos, the Philippines achieve sustained economic growth and political stability. "Our administration is committed to

free trade and to free market institutions," Mr. Estrada said. "But of course, our dedication to the poor and helpless will be unwavering."

He has said that among his highest priorities will be increased confidence

by the business community, especially foreign investors, and lower interest

With Mr. Estrada far in the lead, politicians and watchdog groups were warning Filipinos to be wary of widespread vote tampering. The government's national election commission has already taken away local control of voting in one province, 7 legislative. districts and 34 municipalities to minimize cheating and violence.

The country is no stranger to election fraud. In the 1986 presidential elections, massive vote-tampering led to a "people power" revolt that toppled the dictator Ferdinand Marcos.

And in the 1992 election, Miriam Defensor-Santiago, who led in the vote counting for several days, filed a protest against Mr. Ramos, accusing him of cheating. The suit was later thrown ont on a technicality. Votes are counted by hand and the

results must be carried to Manila from the country's 7,000 islands. The winner is officially announced by Congress several weeks after the election, leaving many opportunities for cheating. Several of the 11 presidential can-

didates have warned of a new uprising if massive cheating and fraud occur in this (Reuters, AFP)



Japanese teenagers crying in Tokyo on Thursday at the funeral of Mr. Matsumoto, who committed suicide.

Bishop Kills Self in Pakistan Protest

ISLAMABAD - A Roman Cath-

olic bishop who was a prominent human rights campaigner in Pakistan fatally shot himself to protest a death sentence against a Christian for blaspheming Islam, a church official said

Bishop John Joseph, chairman of a human rights commission established by the Catholic Bishops Conference of Pakistan, shot himself in the head Wednesday with a pistol in the corridors of the courthouse where Ayub Massih, a Catholic, was convicted and sentenced to death on April 27.

"It is extremely sad that his de-

cision has taken away the best of the best from the human rights movement in Pakistan, but his message comes through very clearly," said Peter Jacob, a spokesman for the Catholic Church of Pakistan. I. A. Rehman, director of the Hu-

man Rights Commission of Pakistan, said Bishop Joseph was distraught over the verdict against Mr. Massih and the way the trial had been con-Last month, the bishop threatened to

less the government repealed the death Hundreds of Christians gathered Wednesday night outside the court-

protest in an "astonishing" way un-

house in Sahiwal, 650-kilometers (400 miles) south of Islamabad, where Bishop Joseph had shot himself earlier, Mr. Jacob said.

The 66-year-old bishop traveled to Sahiwal on Wednesday afternoon where he addressed a prayer meeting for Mr. Massin and met members of the condemned man's family, Mr. Jacob said. The bishop said the charges against Mr. Massih were false and concocted to force 15 Christian families to drop a local land dispute.

He later asked the parish priest, Father Yaqoob, to accompany him to the courthouse. When they arrived, he asked Father Yaqoob to stay back and went into a dark corridor where he shot himself, Mr. Jacob said. Bishop Joseph's body has been

taken to his home village near Fais-alabad, 190 kilometers north of Sahiwal, for burial on Friday. He was appointed head of the diocese of Faisalabad, near Lahore, in

He twice went on hunger strikes as part of nationwide protests by the Christian community. In 1992, he protested the inclusion of religion on national identity cards that he said could lead to religious discrimination. Two years later, he protested the murder by Islamic extremists of a Christian who was on trial for blasphemy.

Mr. Massih, 25, remains in jail pending appeal. He was convicted of speaking favorably of Salman Rushdie, the British author who is under a death penalty by Iranian religious leaders for allegedly making blasphemous comments about the Prophet Mohammed in his book "The Satanic

Noting that Mr. Massih had been accused by a Muslim man, Bishop Joseph maintained that the case was essentially one man's word against another's. He alleged that the judge gave twice as much weight to the accuser's charges because he was a

Bishop Joseph, in a letter to the Dawn newspaper published Thursday, urged fellow Christians, Muslims and minority groups to protest Pakistan's blasphemy laws.

Pakistani law requires death for anyone who defiles the Prophet's name. Critics contend that the vaguely worded law is often misused by religious zealots against religious

Several Christians have been sen-

(AP, Reuters)

tenced to death, but those convictions were overturned by higher courts. About 2 million Pakistanis are Christian, amounting to 1.6 percent of the population of 140 million, mostly

Japanese Teens **Mob Streets to**

> By Mary Jordan shington Post Service

Grieve Pop Star

TOKYO - Thousands of teenage fans wept, screamed, and fainted Thursday as they mobbed the streets near the funeral of a popular rock star who had killed himself. Forty-four of them were treated in hospitals.

each other as police restrained them outside the memorial service for Hideto Matsumoto, 33, guitarist of the rock band X Japan who was known as Hide.

Young fans clutched flowers and

Mr. Matsumoto, unknown to parents but famous among teenagers, colored his hair bright red and yellow and wore it straight up in the air. Many of the moumers had also

colored their hair, an increasingly popular trend in a country where just about everybody has dark hair and many schools forbid even the slightest tinting. After two teenage girls distraught over the rock star's death tried to kill themselves this week, the remaining

four members of the band held a press conference to plead with fans to "remain strong." One of the girls, who jumped off a bridge wearing a T-shirt bearing Mr. Matsumoto's name, remains in a coma. The other, a 14-year-old who tried to hang herself in the same fashion as the star, died Thursday from her injuries. Her parents said she had been in shock from the guitarist's death.

In addition, a van carrying five male fans crashed Thursday, killing a 22-year-old who was traveling across Japan at 4 A.M. to attend the funeral in Tokyo. Estimates of the crowd Thursday

around the Honganji Temple near the famous Tsukiji fish market ran from 20,000 to 50,000. Scores of police officers — who had no idea who Mr. Matsumoto was --- were called to the scene to control the wailing and fainting fans. Television shows were filled with Mr. Matsumoto's music and shots of the carpet of flowers laid out by fans. Youths were constantly being asked by TV interviewers to explain to parents and older people the impact of this musician's suicide.

A teenage girl told NHK news: "When I was in trouble in my life, I listened to his music and it encouraged me and gave me strength." Another teenager in the line of mourners that stretched far more than a mile around the temple said Hide may have looked like a troublesome rebel to the general public, "but he had a warm heart and he looked like reliable older brother to me."

EDITORIALS/OPINION

Russia's New Team

President Boris Yeltsin has been putting the finishing touches on his new cabinet, and it's a striking team. Past Russian governments have been coalitions of pro- and anti-reform elements, almost designed to produce stalemate. The newcomers are almost uniformly young and pro-reform, with experience not in Communist bureaucracy but in post-Soviet business and local government. They are pragmatic, not ideological, and they are not under the control of Moscow's oligarchs. Just look at the ages and résumés of

the new government leaders. The new prime minister is Sergei Kiriyenko, 35, a successful business-man from Nizhny Novgorod with only a year's experience in Moscow. He has named three deputy prime ministers (down from an unwieldy eight in the previous cabinet): Oleg Sysuyev, 42, the reform-minded former mayor of Samara; Viktor Khristenko, 40, a technocrat from Chelyabinsk; and Boris Nemtsov, 38, who promoted reforms as governor of Nizhny Novgorod.

The Labor Ministry will be headed by a 40-year-old St. Petersburg liberal. The Agriculture Ministry, long a redoubt of Communist forces, has a new 40-year-old boss who made a fortune selling meat to McDonald's.

In the national security field. Mr. Yeltsin has retained his older-generation foreign and defense ministers. But it is clear that the economy will be

the top priority for the new team, and in the economic area there are no Soviet holdovers of the ilk of dismissed Prime Minister Viktor Chernomyrdin.

Youth and inexperience can be handicaps, of course. But in Russia, so can experience. Anyone with more than a decade of government service grew up with five-year plans and crackdowns on "speculators."

Just as important, the new team seems relatively independent of the financial titans who amassed wealth by buying state assets cheap as the Soviet system crumbled and who now expect favored access to the public trough in perpetuity. The Kiriyenko government can be expected to promote a fairer, more open and hands-off relationship with business. None of this means that Russia will

now move smartly to solve all its probletns: the noncollection of taxes, the disintegration of the military, the millions living in poverty. These are structural challenges that no one could overcome quickly; and the Parliament, among others, continues to present an obstacle to needed change. But if Mr. Yeltsin stays healthy, engaged and supportive — big ifs all — Russia will have a government that should at least be pulling together, and in the right direction. That would represent a major improvement over the past halfdecade 's performance.

-THE WASHINGTON POST.

Reforming the RUC

Hong Kong's last British governor, Christopher Patten, who managed the colony's return to Chinese rule, is now taking on a job that could make dealing with Beijing look easy. He will run an independent commission proposed by last month's peace accords to overhaul Northern Ireland's police. Few issues in Northern Ireland are as controversial as the Royal Ulster Constabulary, long viewed by many Catholics as an enemy oppressor. The force requires profound change if it is to win the trust of all Northern Ireland's citizens.

Most Catholics will not join the

RUC, often because of pressure from their own community. As a result, the force is 93 percent Protestant, which reinforces its insensitivity to the Catholic community. In addition, annual clashes between Catholic nationalist protesters and police during the summer marching season create considerable tension.

If peace takes hold, the climate for change will improve but much delicate work lies ahead. One example is the dispute about the RUC's symbols. starting with the "Royal" in its name, which many Catholics resent but many Protestants will not countenance changing. Another problem is that huge layoffs are inevitable, since the current 13,000-member force is twice what a region of 1.6 million needs in peacetime. It does not build goodwill to lay

off Protestants while hiring Catholics. Recruiting Catholics is necessary, however, and that in turn requires a genuine change in police culture. There have been many allegations of

police abuse of Catholics, including the excessive use of plastic bullets against Catholic protesters and beatings in custody. An investigation re-leased in March by a United Nations special rapporteur accused the RUC of intimidating lawyers defending alleged terrorists. It recommended an investigation into the 1989 murder of a lawyer who had defended alleged Irish Republican Army terrorists and re-

ceived death threats from the police.
The police's bunker mentality must also change. Training, which should include civilian teachers, ought to emphasize defusing conflict without force. Civilians should also be put in charge of investigating police abuse. Today, victims often do not file complaints because the police quash them. Last year Prime Minister Tony Blair introduced a police bill for Northern Ireland that established an independent ombudsman to handle complaints, a crucial step. But the bill, which has not yet passed, would also dilute the little authority that civilian groups now have over the police. Mr. Patten's commission should look for ways to strengthen it instead.

Broader changes will also be nec essary. The IRA's recent statements that it will not give up its hidden weapons are damaging, as all armed groups need to do so. Draconian security laws, such as those allowing detainees to be interrogated for a week without seeing a lawyer, must change. Reforming the police in Northern Ireland is inseparable from overall progress toward peace.

TIIE NEW YORK TIMES.

Iraq Is Still Cheating

In the latest Security Council review, even Russia, France and China were compelled to acknowledge that Iraq is cheating on its disarmament obligations. These countries were plainly prepared to seize on any evidence of compliance in order to start stripping away the economic sanctions that the United Nations imposed after Iraq swallowed Kuwait eight years ago. Iraq failed to supply such evidence. On the contrary, evidence of its noncompliance was provided not just by the United Nations inspectors whose good faith Saddam Hussein has (unconvincingly) challenged but also by an alternate inspection team sponsored by, among others, Russia. France and China,

Not that the Security Council front is seamless. By the word of the respected inspectorate of the International Atomic Energy Agency, Saddam Hussein has made some progress in doing away with nuclear weapons and materials. On this basis, those nations friendlier to Iraq sought to close the "nuclear file" and to move in this realm from search and destroy scrutiny to

'passive monitoring.' The United States noted the progress but demanded more disclosures, and of biological and chemical preparations as well as nuclear. Insisting that first Iraq must cleanse all branches of its weaponry and honor all UN resolutions. Washington was able to head off a weakening of sanctions at this time.

Saddam Hussein presumably intends to win the lifting of the inter-national embargo at little or no cost to his arms ambitions. To succeed he will have to do better than he did last week. when he stuck in a position that detached him, at least for a while, from

opening up those eight "presidential sites" to inspectors with a new dipwas now dirty-weapons-free?

Saddam Hussein's cabinet warned the Security Council to lift sanctions or face an undefined "new state of af-fairs." Friends of Iraq should tell him that policies aimed at alliance-splitting will serve Iraq much less well than respect for his obligations to the United

Modern Political Design in Italy WASHINGTON — Italy, is a modern, forward-

international company.

Could he really have expected to brazen his way through by belatedly lomatic escort and by proclaiming without proof that the whole of Iraq

- THE WASHINGTON POST

Herald Eribune

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Look at What Can Be Done, and Stop Carping

By Flora Lewis

RIO DE JANEIRO — Some mo-mentous decisions are being made these days. The dates will surely enter history books as major milestones in the transformation of the way the world is organized as it moves into a new age dictated by revolutionary technology

and the collapse of ideology. You would have expected hosannas of celebration, a sense of achievement at showing that after all people can take their destiny into their own hands even if the uncharted future is full of uncertainties. But instead, the dominant sounds are carping complaints, sour warnings that things could go wrong.

almost a rejection of the right to hope. We have just had the first ever voluntary move by I i sovereign European states to unite their currencies and so move on to a system of cooperation in recognition of common interests, instead of age-old antagonisms. And we have endorsed the beginnings of a new and, I am convinced, eventually inclusive European security system to replace the confrontation of alliances.

Several, although not all, voices at the InterAction Council meeting here reflected the bleak mood. The council is one of the world's most exclusive clubs, composed of former heads of government who meet to exchange views based on their special experience of having held power.

As former German Chancellor Helmut Schmidt, who is the honorary

chairman, put it. We are all hasbeens, so we are free to speak out."

Its purpose is to make proposals for action that can bring a better world. But there is currently a cult of Cassandra that does not welcome the very kind of cooperative change that power, used wisely, can bring.

The confirmation of the European Union's single currency was indeed tainted by the unseemly hassle over the appointment of the head of its new central bank. France behaved in exactly the old, assertive national way that the Union was created to discourage, so as to extort a promise that the post would go to a Frenchman after everybody else's candidate, the Dutchman Wim Duisenberg, serves half his mandated eight-year term. It was a demeaning demonstration.

But that cannot eclipse the tremendous importance of the European move. Already, just the preparation for the euro has brought a convergence of economic policy among the countries involved, and monetary union is bound to promote further harmonization that will bring these states closer politically.

Despite all the caveats, the prospects are judged bright enough to inspire emulation. Brazilian officials predict that Mercosur, the free trade area established by Brazil, Argentina, Par-military spending - \$800 billion glob-

brought to Europeans, will move on to a single currency within 10 years. Europe has proved that economic cooperation pays better than protectionism and beggar-my-neighbor, and the lesson is spreading to many regions.

NATO expansion has been denounced and derided as though it were simply adding square miles and costs to the Cold War alliance, rather than opening the way for gradually enhanced collective security in a continent that launched two world wars and a global confrontation which risked nuclear holocaust.

Of course there can, there will, be glitches, as these great changes in state relations take effect. But how can there be nostalgia for the way they have been handled in the past, when we know the disasters that resulted? The changes have taken courage, vision and political will to find a better way, and they show that it can be done. The world is not running out of chal-

lenges by any means, but it is right to take encouragement from what has been achieved. Oscar Arias, the former president of Costa Rica who received the Nobel Peace Prize for helping to end the war in El Salvador, made a point of taking that approach in presenting his new campaign here. He appeals for serious reduction in

aguay and Uruguay to seek the kind of benefits that the common market sources to education and health care. In the past 50 years, according to the United Nations Development Program, poverty has fallen more than in the previous 500. Child death rates in developing countries have been more than halved. Malnutrition has been reduced by nearly a third. By century's end, 4 to 5 billion people will have

basic education and health care. "The eradication of poverty is not a wistful, naive hope, it is a veritable possibility," Mr. Arias said. "If we channeled just \$40 billion (of what goes to military spending) over the next-10 years into anti-poverty programs, all of the world's population would enjoy basic social services." Another \$40 billion over 10 years would bring all people above their countries' poverty lines.

It is especially urgent to curtail arms sales to developing countries. A number of the poorest spend much more on their military than on education and health combined, and up to seven times more than they receive in official de-velopment aid. The United States is a leader in this trade, supplying 45 percent of the world's arms deliveries.

There is plenty to worry about, plenty to be done. But when historic moves are made to deal with some old troubles, it is good to cheer for a moment arthe sign that people can do better.

Flora Lewis.

Expect a Big Euro, and Start Trans-Atlantic Planning many policy issues that will re-

WASHINGTON — Creation of a single European By C. Fred Bergsten

currency is the most important development in the international monetary system since the adoption of flexible exchange rates in the early 1970s.

The dollar will have its first

real competitor since it surpassed the pound sterling as the world's dominant currency during the interwar period. As much as \$1 trillion of in-

ternational investment may shift from dollars to euros. Volatility between the world's key currencies will increase substantially, requiring new forms of international cooperation if severe costs for the global economy are to be avoided. The political impact of the

euro will be at least as great. A bipolar currency regime dominated by Europe and the United States, with Japan as a junior partner, will replace the dollarcentered system that has prevailed for most of this century. A quantum leap in trans-Atlantic cooperation will be required to handle both the transition to the new regime and its

long-term effects. The global economic roles of the European Union and the United States are nearly identical. The EU accounts for about 31 percent of world output and 20 percent of world trade. The United States provides about 27 percent of global production and 18 percent of world trade. The dollar's 40 to 60 percent

share of world finance far exceeds the economic weight of the United States.

Inertia is a powerful force in international finance. For half a century the pound sterling retained a global role far in excess of Britain's economic strength. The dollar will probably remain

looking country, and Italian

politics are baroque no more.

That was the implicit mes-

sage carried to America this

week by Prime Minister Ro-

Mr. Prodi, a warm profess-

orial sort given, at least in pub-

lic, to self-deprecation, did

little bragging about what his

government has achieved. In a

breakfast conversation with a

group of journalists and others

with an interest in matters

Italian, he talked more about

Yet the political transfor-

mation going on in Italy puts it

in the forefront of a modern-

ization of Western politics.

Old parties of the center-left

are shedding doctrinal encum-

brances to emerge as the nat-

have what they call a "bi-

polar" system. He thinks

voters are better off with a

choice between a moderately

progressive party and a mod-

erately conservative one.

They can toss one party out if

it fails, without fear that the

other will veer off on an ex-

politics for four decades.

That fear dominated Italian

After World War II, the old

Christian Democratic Party

held or shared power continu-

ously because the alternative

was the West's largest Com-

munist Party. Many Italians

who disliked the Christian

Democrats simply did not want

Communists in the govern-

ment, no matter how much the

treme course.

Mr. Prodi wants Italians to

ural parties of government.

things still to be done.

mano Prodi.

the leading currency indefin- folio diversification of \$500 bilitely. But the creation of the euro will narrow, and perhaps eventually close, the present monetary gap between the United States and Europe.

The dollar and the euro are each likely to wind up with about 40 percent of world finance, with about 20 percent remaining for the yen, the Swiss franc and minor currencies.

If the gap between the current market share of the dollar and that of the European currencies were closed only halfway, that would produce an enormous shift in global financial holdings. Substantial implications emerge for the functioning and management of the world economy.

There will probably be a port-

lion to \$1 trillion into euros. Most of this shift will come out of the dollar. This in turn will have a significant impact on exchange rates during a long transition period. The euro will move higher than will be comfortable for many Europeans.

In the long run, the dollareuro exchange rate is likely to fluctuate considerably more than have the rates between the dollar and individual European currencies. This fluctuation could cause prolonged misalignments that would not only have adverse effects in both Europe and the United States but also provoke protectionist pressures on the global trading system.

It is essential that the United States, Europe and international financial institutions begin to Creation of the euro will raise

bipolar regime.

quire intensive cooperation, both across the Atlantic and in

multilateral settings such as the

Europe has always accounted .

Group of Seven and the IMF.

for a share of world trade com-

parable to that of the United

had a common trade policy from

the outset of its integration pro-

cess. Trade policy thus has been

bipolar for almost four decades.

ments on the monetary side

would mirror that evolution,

equating Europe's market po-

sition and institutional arrange-

ments with those of the United

States to produce a similarly

The prospective develop-

prepare for the euro's global impact. It is up to the governments of the two regions to achieve a smooth transition from the sterling- and dollardominated monetary regimes of the 19th and 20th centuries to a stable dollar and euro system in the early 21st century.

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States. In addition, Europe has The underlying strength and history of the North Atlantic relationship bodes well, but achieving a successful outcome will be a major challenge in the vears ahead

The writer, director of the Institute for International Economics, is a former assistant secretary of the U.S. Treasury. This comment was adapted for New York Times Special Fea-

Monetary Union Could Provoke Conflicts in Europe

CAMBRIDGE, Massachusens — Politics, not economics, is the real reason the European governments have pursued monetary union. The euro will advance Europe's evolution toward a political union, a

United States of Europe. The euro will immediately shift power from the individual countries to a new European Central Bank, increasing pressure for coordination of tax rules and other economic policies. All of this will

These developments are spe-

By E. J. Dionne Jr.

Communists proclaimed their

But the Berlin Wall col-

lapsed, the Cold War ended

and the Communists trans-

formed themselves. They

changed their name to the

Democratic Party of the Left,

of the old tradition started a

small party that still uses

"Communist" in its name.

crat. Mr. Prodi helped engi-

neer the next step. He and his

allies herded all the vaguely

progressive forces - the

former Communists, rem-

nants of the old Socialist

Party, Greens, some small

middle-class parties and a

chunk of the now disinteg-

rated Christian Democrats —

into one big alliance. Its very

name evokes serenity rather

than class struggle: the Olive

forces also affected a merger.

organized by media tycoon

When the two camps faced off the first time, Mr. Ber-

lusconi won. But his govern-

ment ran into trouble and fell a

year later. Mr. Prodi used Mr.

Berlusconi's time in office to

organize the Olive Tree, and it

darity with the new Labour

Party of Tony Blair and with

theirs. He needs to cut Italy's

Bill Clinton's Democrats.

He speaks of a certain soli-

His job is even harder than

The more conservative

Tree coalition.

Silvio Berlusconi.

took power in 1996.

A former Christian Demo-

Those who still felt the rug

and they split.

differences with Moscow.

responsibility for foreign and ion the effects of national or defense policies as well as for economic and social policies.

Replacing German marks. French francs and other national currencies with euros will also have a big psychological effect. There is no significant country in the world that does not have its own currency. When Europeans carry euros in their pockets, they are bound to feel that power has shifted from their national capitals to the political institutions in Brussels

By Martin Feldstein

gional declines in demand. • The long-term outlook for inflation depends on the policies that will be adopted by the European Central Bank. The current system, in which national governments are virtually forced to follow the lead of the German central bank, has produced very low inflation rates throughout Europe, even though most countries do not share Germany's strong aversion to inflation.

In the new monetary union. Germany will no longer set the standard. At the European Central Bank, each country will have an equal vote. Higher inflation in the future looks like a good but unfortunate bet. It is possible, of course, that

monetary union will eventually be abandoned because of its adverse effects on unemployment and inflation. What will happen if unemployment rises rapidly in Spain and the country's public and politicians are frustrated by their inability to adopt an easier monetary policy or 10 permit a currency decline? At what point would the Spaniards declare that they want out?

Many of the countries using the curo are likely to conclude that European policies are being made by a German-French collusion from which others are effectively excluded. They may come to regret that they sacrificed their national sovereignty without getting in exchange any meaningful say in the decisions that affect their citizens' lives.

II, the proponents of European political union have dreamed tnat a federal state would elim inate the conflicts that produced past wars. But the euro and the political union that could follow are more likely to lead to new and magnified conflicts. These will probably occur

not only among the nations in monetary union but also with the European countries that remain outside. The end of the Cold War

eliminated what had been the primary reason for European countries to cooperate with one another and with the United States. Monetary union is likely to create or worsen political conflicts and economic instability in Europe. Some Europeans will respond to the conflicts by seeking a common enemy as a source of political solidarity.

Some Europeans are already saying that political union is needed as a counterweight to the global influence of the United States, so it is clearly time for Americans to take the euro seriously. Washington needs a strategy to reduce the risk of conflict in Europe and sustain the existing positive relationships between America and the individual nations of Europe.

The writer, an economics professor at Harvard, is president of the National Bureau of Economic Research and was chairman of President Ronald Reagan's Council of Economic Advisers from 1982 to 1984. He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Spanish Defeat MANILA vià HONG-KONG

--- Not one Spanish flag flies in Manila Bay to-day [May 1]. Not one Spanish warship floats except as our American prize. More than 200 Spanish dead and 500 to 700 wounded attest to the accuracy of American fire. Commodore Dewey attacked the Spanish position at Cavite and secured one of the most brilliant successes of modern warfare. The fact that our loss was triffing adds to the pleasure of the victory without detracting from its value.

1923: Stock Conspiracy NEW YORK - Wall Street

was sharply hit by a bear conspiracy this morning [May 7]. which included the sending to prominent brokers forged orders to buy leading stocks, the orders being accompanied by forged cashier's cheeks. Wall Street has

seen many confidence games. but this is the first so extensive. The American Bankers Association has assigned a special squad of detectives on the case in the hope of catching the gang. which might have made millions if the orders had been promptly executed.

1948: European Pillar

THE HAGUE - Winston Churchill called on the first congress of Europe to set up immediately a European assembly to raise "the voice of Europe" and seek eventually a council of Europe as one of the three pillars of a world government. Mr. Churchill urged his proposal on an audience of roughly 700 delegates who are seeking to unite western Europe and who are willing to extend the idea to the nations of eastern Europe when and if they throw out their Communist or Communist-dominated governments.

The state of the state of

Chiton and the

A Limited Internation Still A

www.worldco

June 21-24, 1998 George Mason Univer Fairfax County, Virgin Phone: I-703-790-0304 email: jpoisant@work

When The Conve Technology Meet

strengthen political institutions like the European Parliament at the expense of the individual member governments. cifically anticipated in the Maastricht treaty of 1991, which calls for an eventual

and Strasbourg.

This shift to a single currency will probably cause higher cyclical unemployment. With the euro, national interest rates and exchange rates will no longer political union that will have automatically decline to cush-

sprawling government and loosen labor laws, even while

governing with the support of

the unions and those most de-

pendent on the welfare state.

Massimo D'Alema, leader

of the Democratic Party of the

Left and Mr. Prodi's ally, says

the new-style left has become

popular because voters think it

Europeans worry that "glo-

bal competition will desiroy

the forms of social and or-

ganizational life that have

characterized our continent,"

Mr. D'Alema said in an in-

terview in the current issue of

Dissent magazine. Europeans

want a bit of security. But they

also know that the "social

compromise" reached after

World War II needs revision.

fear" of the right, Mr. D'Ale-

ma said. But they know that

the welfare state, which is the

left's achievement, needs to

be changed into something

that he and his friends have all

the answers. On the contrary,

he says, the debate is "at the

beginning of the beginning of the beginning." But at the

least he would replace what is

being called Seinfeld politics

(that is, a politics about noth-

ing) with a project which em-

braces the economic and tech-

nological progress that the

new economy makes possible

while minimizing its in-

design, is taking its place at the

new political drawing board.

Washington Post Writers Group

justices and disruptions.

Italy, with its gift

Mr. Prodi does not pretend

'modern and flexible.''

Voters have a "fatigue and

can perform two tasks.

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OPINION/LETTERS

Clinton and the Fudge Factor

WASHINGTON — Every so often in Washington, a moment comes up, often unexpectedly and accidentally, that reveals a large truth previously hidden in plain sight. One such occurred on April 27, when Elaine Sciolino, a reporter for The New York Times, intrepidly got herself into the Roosevelt Room at the White House with 60 evangelical

Christian ministers.
The evangelicals had come to listen to Samuel Berger, the national security adviser, ask them not to support the Wolfe-Specier bill, which calls for the United States to sanction nations that countenance the violent persecution of religious believers.

After Mr. Berger had made his pitch, the president arrived to adlib a brief addendum. Bill Clinton did not know that a reporter was in the room, and his remarks in urging nonsupport for the human rights legislation were, as Ms. Sciolino later wrote, with a nice understatement, "unusually frank" (IHT. April 29)

What always happens if you have automatic sanctions legislation is it puts enormous pressure on whoever is in the executive branch to fudge an evaluation of the facts of what is going on." Mr. Clinton said. "And that's not what you want. What you want is

Increasingly, American foreign policy is predicated on lying, and everyone knows it.

to leave the president some flexibility, including the ability to impose sanctions - some flexibility with a range of appropriate reactions.

He later added that sanctioning legislation created "an enormous amount of pressure in the bowels of the bureaucracy to fudge the

Ms. Sciolino noted that Mr. Clinton did not say whether the administration had ever "fudged" facts to avoid imposing

sanctions. But he did not have to. For what the president hinted at in that room - and what he never intended to be aired outside that room --- was an obvious truth. The growing use by Congress of sanctions laws has combined with the casual Clintonian attitude toward honesty to create an unintended

By Michael Kelly

consequence of a serious nature: Increasingly, American foreign policy is predicated on lying, and everyone knows it, and this knowledge is breeding con-tempt for honest dealing in U.S. foreign policy matters at home and abroad.

The phenomenon is the result of cyclical effect. Sanctions laws. which feature periodic reviews automatic punishments against nations that act against particular American interests or values, are intentionally blunt instruments, designed to force the executive branch to take tough actions whether it wants to or not.

They are essentially expressions of legislative mistrust, and the more a Congress does not trust a particular president to share its values and fulfill its wishes, the more sanctions laws proliferate. This Congress, which profoundly mistrusts this president, wields sanctions laws with increasing abandon in areas ranging from nuclear proliferation to drug trafficking to human rights.

But this administration does not believe in sanctions. It believes in better living through talking, and it believes that making nice gets you farther than getting tough. and it believes that the business of America is business and it believes, most devoutly, that the business of businesses that contribute to the president and his party is the president's own very particular business.

It does not believe that honesty is always, or even very often, the best policy. So the more Congress employs sanctions laws, the more the administration responds by what the president calls fudging: refusing to admit the realities that would trigger sanctions. And this, of course, gives Congress ever more reason to mistrust, leading to more sanctions laws, leading to more fudging ..

This cycle of dishonesty is corrupting grave issues of national security, most seriously in the proliferation of weapons of mass destruction, in which there is currently a bull market. Rather than trigger sanctions, the administration says that Russia and China are cooperating with U.S. efforts to halt the spread of nuclear arms and missile systems to regimes hostile to U.S. interests. In truth, the White House knows that this

is not so. Last month the administration

declared that some 20 Russian government agencies may be assisting Iran's missile programs assistance that has helped fran develop an intermediate missile, the Shahab-3, that can reach Israel and can carry chemical and biological warheads - but stopped short of declaring that the agencies were doing so because that would trigger sanctions. Russia gave no discernible sign of concern.

As for China, America's new 'strategic partner." U.S. intelligence has ample evidence that Beijing continues to support Iran's and Pakistan's missile programs.

Last month the State Department launched an investigation of whether China had provided the technology for Pakistan's new missile, which has a range of 900 miles (1,450 kilometers). Such help would violate the terms of the anti-proliferation Missile Technology Control Regime, which China has committed to abide by tbut which, significantly, it recently refused a U.S. overture to formally join), and would trigger sanctions.

Bet the ranch that the State Department investigation finds nothng but fudge.

The writer, a senior writer for the National Journal, contributed this comment to The Washington



LETTERS TO THE EDITOR

Why the Euro?

Regarding Does the Euro Spell End of Dollar's Domination?" (April 29):

The larger and more important question that should be posed is Why the euro?"

When one considers that Europe has enjoyed more than 50 years of peace and prosperity, the question of why one would want to upset the applecant is of more than passing interest.

At the heart of the euro question, as the article implied, is the political issue of contesting American power and perceived dominance, including the very real dominance of the U.S. dollar as the world reserve Americans have little interest in

the issue because Americans have little interest in domination. America may wield great influence, but "domination" is not the appropriate term. While the last 50 years may

have been tumultuous in some ways and places, for Europe this has been a half-century of unprecedented peace and prosperity. Europe has enjoyed the protection of American military power via NATO. It also has enjoyed a special trade status with America, which continues to give Europe access to the vast U.S. market at

favorable terms. Europeans have been largely left to develop their eco-nomic power while America has borne the largest part of the military burden, spending trillions of dollars on worldwide

Endless lines of white tombstones stretching across Europe bear witness to the commitment to peace and prosperity that Americans have made to Europe. Con-

sidering this enormous sacrifice of blood and treasure, it is strange and inexplicable that America is increasingly viewed by some European leaders as almost an adversary.

There is no question that Europe will have a single currency. While it may or may not be a good economic idea to unite the currencies of so many diverse economies and nations, at its heart monetary union is a political idea. That is unfortunate since it increases the likelihood that monetary union will turn out to be an economic disaster.

Americans should be watching this enormously important development with more than a passing nterest — not for fear of losing 'dominance' but because the success of the past half-century may well now be at risk.

ROGER L. MARKLEY. Rignat, France.

Names and White Crosses On a Green Spring Lawn

By Kyle Jarrard

C URESNES, France — You go II graves, the only ones here, but There early on a spring morning, cross through the open iron gate and stroll out on the broad wet grass. To one side, two men push lawn mowers up and down the hill, and the low buzz of their blends machines

MEANWHILE

traffic on the street below, making an unsettling sort of roar. But then you stop listening to these things and begin hearing something different.

It is the sound of the names you say in your mind as you walk along the rows of white marble crosses. The names of fallen American soldiers: George Cody, Herman Bauer, Ashley Wilson all privates killed in the summer of 1918. It is also the sound of their home states: Maine, Indiana, Oklahoma. And the dates of death: July 10, Aug. 6 and again Aug. 6, which must have been a bad day of war.

There are many names, and a number of nameless. In all, 1,541 who died in World War I are remembered here. It is a smallish place compared with, say, the Normandy cemetery in Saint-Laurent, France, where 9,386 of the dead of World War II are honored. But in both there are moments when you have to stop and look up at the sky.

Perhaps you visit these places in the autumn, on those days of falling light and leaves, pondering the uneasy end to the mayhem of World War I. Or perhaps you come in the spring, when chestnut blossoms snow on the lawns and the sun rides high, and think of the close of World War II in Europe, 53 years ago Friday.

Some 8 million military deaths in the one, more than 15 million in the other, fantastic numbers that tap like a drumbeat in the mind. Perhaps you look for a father, grandfather or great-grandfather here: or perhaps no one in your family died in these great struggles and you have come simply to pay your respects.

Then you look up and find yourself under a sleek old beech tree at whose base is a group of 24 crosses, each inscribed: "Here rests in honored glory a comrade in arms known but to God." A marker says these are World War

when the men died. Farther on, more names, as birds sing in the newly flush trees: Sergeant Clayton Griswold. Utah. Oct. 20, 1918; Private Henry-Oleske, Pennsylvania. Feb. 7. 1919, and under a Star of David. Corporal Samuel Greenstein, New

there is no other hint of where or

Jersey, Jan. 15, 1919. At the far edge: Marian Henrietta White, Pennsylvania, Oct. 3. 1918 - a nurse. Had she had time to become someone's mother? There are no ages on any of the-graves here, but you know most were young.

Then and again the eye stops a

second longer as you pass the marker of an unknown, or of a civilian, Salvador de Vegara. Spain, Feb. 11, 1919, for one. -

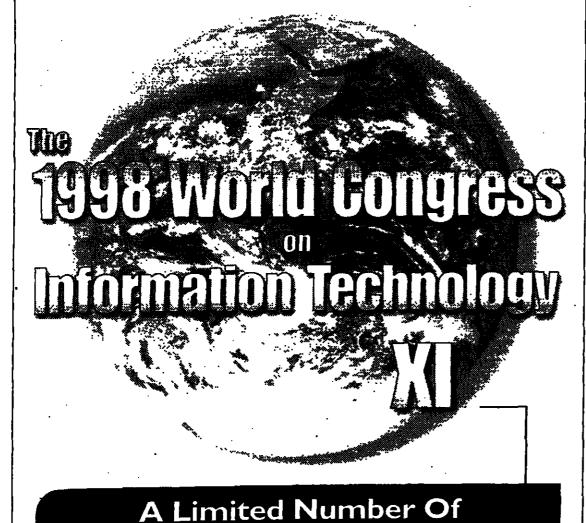
There is no end to names: Private Henry Isaacs. South Carolina, Sept. 20, 1918; Seaman Claude Baker, Tennessee, Dec. 3, 1917, and Private Samuel Rosengarten, New York, Nov. 8, 1918. Each somehow sounds like no other name. Each rises for a moment not on the battlefield, not evenin uniform — but in his other life, before all this, at a dining table with family, or walking with a brother in a field where no bullets fly, or standing on the beach and breathing in the salty air and think-ing of the size of the world.

So long as you look these names straight in the face, as it were, each remains unique. For when you turn and walk behind them, all become anonymous. Cut at an angle across the hill and the strict work of geometry is clear. patterns that mimic the necessary orderliness of military life — even in death.

But it is some undefinable other thing that makes you see that these lines of markers don't end at cemetery's edge, that they stretch away from this quiet suburb of Paris and back through time. through all the men and women. who fell in wars, making strong. human lines of remembrance and honor and gratitude.

For an hour, maybe, you say the names. Then you return to the real world, clipped grass stuck on your shoes, noticing straight away how you can't hear any birds singing outside the gates unless you really try. And then you can.

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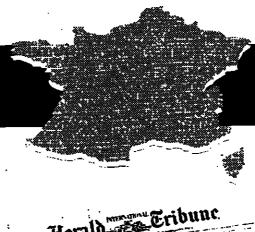


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A Spruced-Up Lisbon Gets Ready to Launch Expo'98

By Marvine Howe

ISBON - In honor of that intrepid seafarer Vasco da Garna and his journey to India 500 years ago, the Portuguese have organized celebrations the likes of which have never been seen in this onetime imperial capital. On May 22, Lisbon opens the gates to Expo '98, with a record participation of about 150 countries and the theme "The Oceans, a Heritage for the Future."

During Expo's four-month run, visitors can discover the beauty, riches and challenges of the seas through scores of exhibits. There will also be nautical competitions, daily multimedia shows, live entertainment and food from around the world.

The industrial wasteland on Lisbon's eastern side is being replaced with new residences and businesses and, of course, Expo - 150-acre (60-hectare) fairgrounds with international exhibits, a riverside esplanade, exotic gardens and a panoramic cable car along five kilometers (three miles) of riverfront. To avoid a post-Expo ghost town, the main pavilions will be turned into cultural sites, like an aquarium, science museum and theater.

Expo has parking for 17,000 vehicles, but the public is urged to use bus, subway, train or taxi to the new Oriente Station, which rises like a forest of steel and glass near Expo's eastern gate. There will also be regular ferries from the Cais do Sodre river terminal.

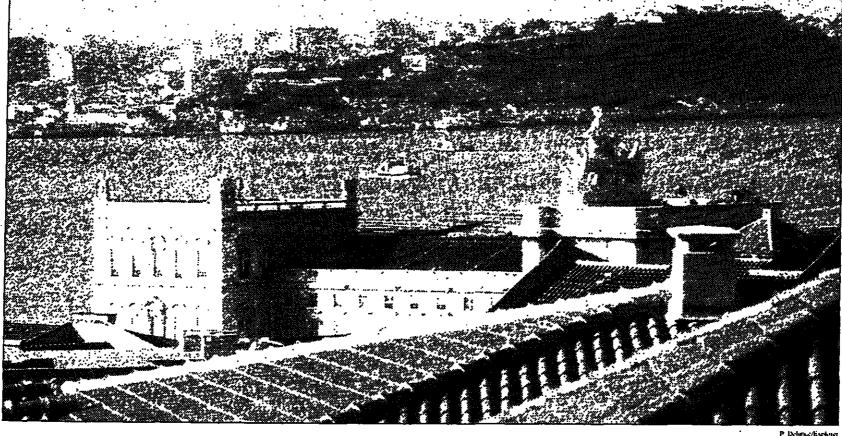
Also on the eastern periphery, the new 17-kilometer Vasco da Gama Bridge over the River Tagus connects with highways to the Algarve and Spain. On the northern ring, Colombo is one of Europe's largest shopping centers, honoring another great explorer. It includes 425 shops. 10 movie theaters and an amusement park.

All around the city, ancient monu-Inems and neighborhoods have been refurbished and new green spaces planted. But the new highways and Metro stations are a maze of works in progress, causing dust and delays.

PLANNED EVENTS

Each day of Expo '98, from May 22 to Sept. 30, its showpiece event, a multimedia program called "Ocean Myths and Legends," will be presented at the giant Utopia Pavilion at noon, 3, 5 and 9 P.M. People in sea-monster costumes will provide street shows all day long and incredible-looking water-theme machines will parade around at sunset. Artistic and folk groups will perform at the Dock Amphitheater and other open areas in the late afternoon. Small ensembles offer fado, jazz, classical music, hip-hop and rock at a dozen open-air stages starting about 8:30 P.M. Evenings close with Midnight Tea. an openair disco from midnight to 2 A.M. The fairgrounds themselves are open 9 A.M. to 3 A.M. daily.

International performers are scheduled every evening. On June 5 the Vi-enna Symphonic Orchestra will present a Johann Strauss program at the Camoes Theater at 10 P.M. The Greek Art Theater will perform "The Birds" by Aristophanes on June 11 at 9:30 P.M. at



A view from the Moorish quarter of Alfama, which has been rehabilitated along with ancient monuments and neighborhoods around Lisbon.

the Dock amphitheater. Free tickets are available

at the national pavilions. Expo's scafaring happenings begin early. Set for May 24 is the finale of the Whitbread 'Roundthe-World Race, with 40 vessels that sailed from Lisbon in early 1997. On July 25, about 120 tall ships in the Cutty Sark Tall Ships' Race start to arrive in Lisbon for the Vasco da Gama Memorial International Regatta July 31 to Aug. 3.

A ticket for Expo '98 good for one day and An Expo 98 pavilion. night is \$28; a one-night ticket good after 8 P.M. is \$11. The

three-day pass is \$70 and three-month pass, \$285. Children 5 to 14 and people over 64 pay half price. Telephone: (351-1) 868-0426; fax: (351-1) 868-1800. Many cultural events will coincide

with Expo. The Sao Carlos Chorus and Portuguese Symphony Orchestra will perform Bellini's "Norma," with Sharon Sweet, on May 19, 23, 16 and 30 at Sao Carlos Opera House, 9 Rua Serpa Pinto. Tickets: \$20 to \$45: 340-5914. fax 343-0613.

Les Ballets C. de la B. from Belgium will perform "They Feed, we/Eat, Eat. Eat," choreographed by Van den Broeck on June 19 and 20 and the premiere of the dance-drama "Bach," set to music by Bach, on July 1, 2 and 3, both at 10 P.M. at the Belem Cultural Center's Grand Auditorium, Praca do Imperio at Belem. Tickets are \$5.80 to \$17; Telephone: 361-2400.

The Royal Concerngebouw of Amsterdam, conducted by Sir Colin Davis, will perform the Overture to Berlioz's "Benvenuto Cellini," with the pianist Maria Joao Pires playing Chopin's Concerto No. 1. on June 25, and Berlioz's 'Damnation of Faust' on June 26. Both programs begin at 9:30 P.M. at the

Rua Portas de Santo Antao. Tickets: \$28 to \$85; 796-6306. Bizet's "Carmen," directed by Giuseppe Raffa and starring Dulce Pontes in the title role,

Coliseu dos Recreios,

will be performed July 1 to 15, nightly except Thursdays at 10 at the Campo Pequeno Bullring. Praca de Touros. Tickets are \$20 to \$170: 303-3113.

SIGHTSEEING

The main attraction at Expo is the Oceanarium, one of Europe's largest aquariums, designed by the American architect Peter Chermayeff. Visitors are surrounded by re-creations of environments of the Atlantic, Pacific, Indian and Antarctic Oceans, culminating in a Global Ocean.

The Portuguese pavilion, overlooking Olivais Dock, will recount the country's long struggle to master the seas. Other pavilions will provide interactive experiences. Germany will offer a virtual journey to Oceanis, an underwater station equipped with the latest marine research technology. The U.S. pavilion

is a showcase for American technology in diving, charting the ocean bottom and protecting the deep-sea environment. By the river, a huge abstract wave of stainless steel will be inscribed with the names of Portuguese-American contributors to the project.

Expo has provided the inspiration for renovation projects in neighborhoods and landmarks throughout the city. Sao Jorge Castle, atop Lisbon's highest hill and dating from Roman times, has been restored, and now includes a giant periscope (see all of Lisbon for \$1.70) and tourist information office. The castle, opening onto Rua Chao da Feira, is an oasis of shady terraces, towers and ramparts around the old palace, used for official receptions, a luxury restaurant in the walls, and soon an esplanade café.

The surrounding medieval neighborhood of Castelo, a jumble of tiny houses with iron balconies and patios but no modern conveniences, is being rehabilitated. Down the hill, the Moorish quarter of Alfama —.with its orange tile roofs, cobblestone alleys and flowering balconies — has also been spruced up. Near the 12th-century Se, or cathedral, the old customhouse has undergone major work and will open in mid-June as the Fado Museum, dedicated to the singers and their way of life.

The Baixa, or downtown area, a lovely ensemble of 18th-century offices, banks and shops, is also getting a face lift. Praca do Comercio, a handsome square of bright yellow government buildings facing the river, is no longer spoiled by a parking lot. Historic buildings like Dona Maria II Theater and the 18th-century Cafe Nicola have been restored.

Reconstruction is almost finished in the Chiado, the city's most fashionable shopping neighborhood before it was devastated by fire in 1988. The new Chiado Museum for Contemporary Art stands on the site of a 17th-century monastery.

Belem, a western suburb, is Lisbon's monument zone. The 16th-century Jeronimos Monastery and Belem Tower Times.

have just undergone repairs. Nearby the Monument to the Discoveries, built in 1960, honors Prince Henry the Navigator. The vast fortress-like Belem Cultural Center, built in 1993, offers music and dance programs and art exhibitions. A new grassy esplanade runs along the riverfront from Belem to Alcantara, where decrepit warehouses have been converted into cafés, restaurants and discos.

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The National Museum of Azulejos, 4 Rua Madre de Deus, 814-7747, has marvelous decorative tiles.

OTEL reservations promise to be difficult during Expo. and prices higher than normal. Only one hotel is open on the Expo site: the Oriente; telephone: 893-0000, fax: 893-0099. A double room is \$160.

Centrally situated, Hotel Eduardo VII, 5 Avenida Fontes Pereira Melo 353-0141, fax 353-3879, has been remodeled. A double is \$125 with breakfast.

Away from downtown, the renovated Hotel Lisboa Penta, 726-4054, fax 726-4418, has views of central Lisbon and Monsanto Park. A double is \$90, with

Hotel Amazonia is also outside the center, in the quiet Amoreiras section near the 18th-century aqueduct. A double is \$100 with breakfast. Telephone: 387-7006, fax: 387-9090.

About 80 restaurants and kiosks inside Expo will offer a range of cuisines and prices. At a Turkish restaurant run by Istanbul's Divan Hotel, specialties include sea bass in parchment and dinner for two with wine is about \$50. Portugal's Panoramic Tower has spectacular views to accompany local favorites like cataplana of steamed pork and clams for \$68 to \$114 for two.

In the Chiado. Cervejaria da Trindade, a popular beer hall in a former monastery, specializes in beefsteak but also serves grilled sole and other fish. Dinner for two with beer or wine is about \$22.

For Old World gilt, mirrors, crystal chandeliers and attentive service, the place is Tavares, 37 Rua da Misericordia. Specialties include stuffed crab and duck with prunes. Dinner for two with wine, \$75.

Popular with the diplomatic community, Ja Sei!, 202 Avenida Brasilia in Belem, serves high-quality Portuguese fare like roast lamb with thyme sauce, with a terrific view of the Tagus. Dinner for two with wine, \$60.

Marvine Howe, a former New York Times correspondent, wrote this for The

Nightlife: Drinking With Picasso A Cozy Bar in Spain Keeps the Artist in Its Sights

By Al Goodman

A CORUNA, Spain - Most people associate Pablo Picasso with France, his home for most of his life, or Malaga, his Spanish birthplace on the Mediterranean, or Barcelona, the cosmopolitan city where he painted as a young man before moving to Paris.

But Spain's charming port of La Coruna also lays claim to Picasso. He lived here for nearly four years as a boy when his father took a job teaching fine arts, forcing the family to leave Spain's warm Mediterranean coast for its rainy northwestern corner by the Atlantic.

Yet while Paris and Barcelona have Picasso museums, and Malaga plans to open one by next year, La Coruna's homage to the artist is far more subdued. There is little more than a dark stone plaque marking a balconied apartment building at 14 Payo Gomez street. Picasso lived there, on the third floor. from September 1891 to April 1895.

But just a few blocks away, another place in town manages to keep his memory alive nightly from 8 P.M. to 3 A.M. It is a cozy bar named Picasso. The artist never had a drink in this

locale, which has been open for only 12 years. But in that time, Bar Picasso has helped to shift the city's prime nightlife away from the oldest central section to a newer neighborhood, with slightly vider and straighter streets, near the graceful Orzan oceanfront promenade.

Bar Picasso, at 19 Sol street, was among a handful of bars in the Orzan district in August 1985. Now there are dozens. Around the corner from Pi-casso, on tiny Calle Ciega, one bar is devoted to jazz (Filloa bar) and another to vampires (Crapula bar, meant to sound like Dracula). On Calle Juan Canalejo, Cisco and Garibaldi are a pair of chic late-night discotheques, almost

next door to each other. But Bar Picasso, like the artist, stands out in the pack, and not just for its blackand-white photographs of Picasso with his emblematic, piercing gaze, or the little cardboard and stone statue of Picasso, by a local artist, that stands be-



hind the bar, seemingly ready to serve

fine whiskies. The bar has developed an artistic theme of its own as a nighttime art gallery where young artists display and sell their paintings. The dozen brightlycolored still lifes and landscapes by five local women were priced at 12,000 to 40,000 pesetas (\$80 to \$270) on a recent

The quality would not cause Picasso International Herald Tribune.

art dealers to worry about the competition, but the bar has nonetheless gained a faithful following. A waiting list has artists waiting for more than a year to show their work in an exposition, which lasts for three weeks. Clients typically do not buy on impulse after downing a stiff drink, but return several times before deciding to make a purchase.

The art motif is not surprising given the tastes of the owners, Juan Flores, 36, and his older sister, Elisa. She runs a local academy, called The Painted Moon, that teaches children about painting.

Juan, nicknamed Cano, also has an artistic bent. "I like everything related to art," he said, "but I never got beyond taking photographs."

Their nightclub occupies a storefront formerly used for the family's fresh fruit and produce business.

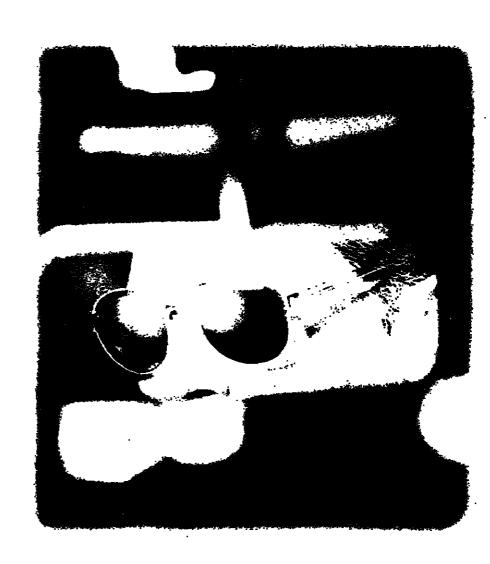
HE serpentine bar, topped with black stone and adorned with a brass rail, is stocked with a respectable selection of liquors. A rum and coke, or gin and tonic, costs 500 pesetas. In a welcome rarity for Spanish clubs, coffee is served throughout the night, for 200 pesetas on weekends and

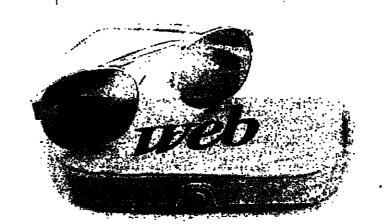
slightly less on weeknights.
The rectangular locale has six tables, nine bar stools and plenty of standing room. The varied music is enough to cause a smile, because the stack of LPs and CDs played on any given night in-clude some old dandies like the Crosby, Stills & Nash album with "Marrakesh Express." It was released in 1969, four years before Picasso's death.

The bar's ambiance makes it most appealing to the 25-to-50 set, and Cano is unabashedly pleased that the youngest nighthawks prefer other establish-ments. "It's calmer for everyone." he said. "They break a lot of things."

That might not sound like the full vanguard spirit of Picasso the artist, but Cano and his sister have designed a clever enough combination to make the Picasso bar a warm, inviting option on a chilly night in La Coruna.

Al Goodman, who writes for The New York Times from Spain, wrote this for the





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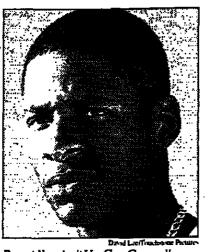
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Directed by Spike Lee. U.S. Overlooked for pigeonhole-proof ex-periments like "Get on the Bus." Crooklyn" and "Girl 6," passed over for his deserving documentary "4 Little Girls" at this year's Academy Awards, and diverting some of his energy into an advertising agency. Spike Lee now re-turns full blast to what he does best. Basketball, bold urban landscapes, larger-than-life characters and red-hot visual pyrotechnics are the strong points of Lee's biggest three-ring circus, not to mention the central presence of Denzel Washington. No small feat: Washington convincingly turns himself into a loser and gives a splendid, carefully measured performance that keeps this freewheeling film from spinning out of con-trol. Lee may never have the narrow focus to sustain a film on storytelling alone, and he may never need it. What he has here is an explosion of spectacular gambits and a great high-concept hook. Jake Shuttlesworth (Washington) is a convict imprisoned at Attica. The governor of New York, whose wishes are conveyed by the prison warden (Ned Beatty), is an avid basketball fan. The governor loves his alma mater and finds it convenient that Jake is the father of Jesus Shuttlesworth (Ray Allen, guard for the NBA's Milwaukee Bucks), the hottest high school basketball player in America. So he arranges for lake to be released secretly for a couple of days, in order to lure Jesus onto the governor's favorite college team. There's only one problem. Jesus hates his father and won't give him the time of day. Like many of Lee's films, this one might as well have been called "Do the Right Thing." Should Jesus forgive his father for the mysterious crime that sent him to prison? Should Jake secure his own freedom by giving his son bad career advice? And should Jesus be swayed by any of the countless hustlers who are so happy to befriend him, and who give the film much of its wild background verve? Lee has a field day with the endless variety of users who lobby Jesus, from John Turturro's wild-eyed coach to the group of fawning white college girls listed in the credits as "'I Love You' Leeches." Stunningly photographed by Malik Hassan Sayeed, so that the neon colors and blazing daylight of its Coney Island setting burst into life on screen, the film roams eagerly all over the map. It shows how nice and decent Jesus is, and how ripe he is for exploitation. Even the music defines the film's big, buoyant notion of post-Barnum Americana. It's a sound as all-embracing as the sport Lee loves. (Janet Maslin, NYT)



Ray Allen in "He Got Game."

THE OBJECT of My Affection

Directed by Nicholas Hytner. U.S. "The Object of My Affection" is a marshmallow of a movie: pale, pillowy and just begging to be skewered and roasted. Wendy Wasserstein brings a dull pen to this literary adaptation, which shows none of the bite or savvy of Stephen McCauley's novel. But she and director Nicholas Hytner ("The Madness of King George") seem to be under the impression that this pithless romantic comedy has something to say about the vast permutations of family, friendship and love. The "Friends" star Jennifer Aniston portrays a pregnant social work-er who falls for her gay roommate (Paul Rudd) and asks him to help rear her child. Since he's always dreaming of becoming a father, he agrees. Despite all its winking and flirting, the film is rather demure. It is, after all, aimed at the mainstream audiences who embraced gay characters in "My Best Friend's Wedding," "In & Out" and "The Birdcage." At one point, Aniston and Rudd are on the brink of unbuckling when they are saved by Ma Bell: A sexy-sounding guy (Amo Gulinello) is on the phone for him. It's a predictable turn of events, but it salvages the movie's remaining believability and the characters' credibility. As the movie's designated liberal spokesperson, Alan Alda (playing the husband of Aniston's pushy stepsister) points out that homosexuality "is a valid choice." No doubt millions of gay men and lesbians will be relieved to find this out. Alda's is the kind of line and "The Object of My Affection" is exactly the kind of movie the creators of "Seinfeld" had in mind when they came up with the rejoinder, "Not that there's anything wrong with that." If that's the case, why bother to say so in the first place? (Rita Kempley, WP)

Renault's Clio Tries to Expand Its Horizons & Code-Sharin

By Gavin Green

S with Mark Twain, reports of Renault's death seem to be exaggerated. Rivals continue to forecast that the French maker — hugely reliant on its home market and on Europe when everyone else is going international — cannot possibly continue as a small, standalone company. Meanwhile, Renault continues to turn out stand-alone cars that, in many cases, are the envy of the rivals who prophesy its downfall.

The Espace, launched in 1984, was very possibly the most forward-thinking car of the '80s and pioneered the new breed of multipurpose minivans. A decade later, and the Renault Megane Scenic has done the same thing in the next class down. The hugely successful Scenic helped the Megane to European market leadership in March, and rivals are now all trying to copy it.

Minivan successes notwithstanding, Renault's biggest strength has long been small cars. The Renault 5 was as trend-setting as it was successful, providing an early 70s template for the European small harch

Its successor, the Clio, was European Car of the Year, not least because it offered the refinement and the space of bigger hatches. Like most Renaults, it also was cute and charming, and proved particularly successful with women. Now the designer Anne Asensio has tried to give the car a slightly more masculine edge. "We need to appeal to more men, and also wanted to give the car a slightly more masculine, protective shape, 'she said at the car's premiere.

ROOMIER AND SAFER

It is still unmistakably a Clio, even though every body panel is new. It's also longer, roomier and more frugal. and much safer because of airbags, the widespread use of anti-lock brakes and a stronger basic structure. Novelties include, on the top-end models, head restraints that are positioned closer to the head (with the use of curved runners), thus helping to avoid whiplash, a particularly roomy back seat (probably best in the class) and an unusual doublecurved rear window. The rear styling is borrowed from one of Renault's better concept cars, the Ludo, and the nose, while cute enough, is a softer, more rakish version of the current Clio's.

invent the concept, "Asensio said. "We wanted a car that was clearly a Clio, even if both are more cramped. with traditional Clio values.'

It is a solid, robust little thing, with solid cabin plastics, and a firmish, flat ride. Handling is safe if uninspiring. The engines offer decent pep, even if they are universally buzzy and unrefined (a common failing of French cars). A 1.6liter, 16-valve unit sounds promising but, as things stand now, you're better off sticking with the basic 1.2-liter unit

The steering feels a little dead, the gearshift is Japaneseeasy, and the car just goes about its job in a competent, slightly anodyne way. If

isn't quite the head turner that the original Clio was. "It wasn't sensible to re-

To many, these Volkswagen-like mannerisms will be seen as a huge compliment, for VW is indubitably Europe's most professional carmaker. To others.

this will be regarded as a shame, for Renaults have long had a pleasing idiosyncrasy about them, from their slightly

cabins - all features wanting in the new

Still, this Teutonic philosophy is bound to increase Renault's appeal in Germany and other large non-French markets and help repel accusations about Renault's home-market obses-MI Rich Thursday Transaction of the Control of the sion. It may even silence skeptics who insist that Renault has no future.

Renault Clio 1.2. About \$14,000 Three- or five-door hatchback. Fourcylinder engine, 1149cc, 60 BHP ar 5,250 rpm, five-speed manual transmission. Top speed: 158 kph (98 mph). Acceleration: 0-100 kph in 15 seconds. Average fuel consumption: 6.0 liters per

Next: Skoda Octavia

Gavin Green is the editor in chief of Car magazine.

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BOOKS

NORTH A Bilingual Journey

By Ariel Dorfman, 282 pages, \$24. Farrar, Straus Giroux.

Reviewed by Victor Perera

HEADING SOUTH, LOOKING

N September 1973, Ariel Dorfman asylum in me Argenine Emcoup that killed hundreds and led to President Salvador Allende's suicide in

La Moneda palace. Dorfman had worked in the La Moneda as a publicist for Allende's socialist experiment and became a secondary target of the junta's secret police. a United Nations officer offering them refugee status to leave the country, Dor-

fman turned her down. "I am an exile," he declared, wrapping himself in a Byronic mantle more in keeping with his self-image than the hand-me-down suit and blanket of a

refugee.
The rehabilitation of self-image is the chief matter of this loquacious memoir. As a former agent provocateur who used cartoon characters to blitzkrieg Chile with pro-Allende propaganda, Dorfman made image-making his specialty, and he was very good at it.

His essay "How to Read Donald Duck." co-authored with Armand Mattelart, remains the most trenchant antiimperialist polemic to come out of the abortive Allende revolution, which was put down by Augusto Pinochet and his fellow generals with CIA complicity.

language acquired during his boyhood in New York. His father, Adolfo, who held a UN post in New York, was the Marxist son of Russian Jews who emigrated to Argentina. He named his Buenos Airesborn son Vladimiro, in honor of Lenin, but young Dorfman told his classmates he was named after Horowitz.

After joining Allende's popular unity government and "plunging into the ju-bilant adventure of saving the world," guerre Ariel, from "The Tempest." But able Chilean companera, Angelica, who even as he denounced CIA intervention anchors him to a dogma-free everyday in his adopted Chilean vernacular, the reality, and by the survivor's guilt - an English language was the core of his archetype to which our century has alter ego. If Spanish was the language of surely given a new meaning — that cuts his inner child and of the Latin militant. his outsize ego down to size and deepens English was his tool for making sense of his humanity. the adult world.

new identity from every social and political upheaval in his path. In 1968, two years before Allende was elected president, Dorfman was in Berkeley as a the fiery antiwar rhetoric of the student When he and others were approached by rebels. He incorporated these two poles of social protest into his militant persona when he returned to Chile.

On one level, this memoir can be read as an exercise in the rigorous self-analysis required of failed Latin American revolutionaries. But Dorfman's selfcriticism is leavened with large dollops of self-exculpation. He admits to con-spiring in the hard left's alienation of moderate Christian Democrats who supported Allende, and whose disaffection opened wider the doors to the military's violent repression. On the other hand, Dorfman's ideological fervor was tempered by an appreciation for paradox nurtured by his love of Shakespeare. As a child of privilege. Dorfman recognized, in hindsight, that the Marxist glorification of el pueblo ignored the real needs of the workingclass poor whom the revolution was

born to serve. Dorfman's mea minima culpa often ORFMAN was correct to refuse runs to excess and hyperbole. His headrefugee status, as he had resources long and intermittently self-serving nar-that his Chilean comrades lacked, chief rative is rescued by the clear-eyed esbilingual and binational at a time when everything demanded that we be univocal and immaculate.

Dorfman's errant journey is redeemed Dorfman settled on the elfish nom de parency of his ambition, by a redoubt- for The Washington Post.

When I met Ariel Dorfman in Paris in Ariel the leftist militant, novelist and 1975, a year after I was assigned by the w navigated the shoals be- New York Times Magazine to cover bassy in Santiago, following a military tween historical convergences, forging a first anniversary of the military coup, he was still beating the drums for the revolution. After I interviewed him — in Spanish - for an article on Chilean writers in exile, he insisted that I inform visiting scholar, and resonated to the the novelist Jose Donoso, who was next flower children's love songs as well as on my list, that "Julio Cortazar [the Argentine novelist] and I are waiting for him to declare his opposition to Pinochet.

When I tracked down Donoso in Spain's Costa Brava, he reacted testily to my embassy. Inform Dorfman, Donoso said in his impeccable Princeton English, "that if I take a public stand on Chile it will be in the way I

know best: through metaphor."
In October, 1996, a bemused Donoso recalled his altercation with Dorfman when I interviewed him in Santiago. "Metaphor survived," Donoso said, tugging at his gray beard. He died three weeks later.

OWARD the end of "Heading South, Looking North." Dorfman falls back on the myth of the exile who finds salvation only in wandering. His commitment to bearing witness through his writing - as in his searing play on a Chilean torturer and his victim, "Death and the Maiden" - is too global to be confined by geographical or political

Ariel Dorfman's impressive oeuvre among them a mastery of the English sayist. Long, disjointed passages devoid may in time become associated not just of self-irony, in which he appears to with the Chilean exile, the failed sowrite from both lobes of his brain at cialist revolutionary or the self-invented once, are interspersed with moments of American writer but with Dorfman the unsparing self-insight: "I was unable to extravagantly talented diasporan whose look directly in the face of the divergent sole weapon, after all the bodies were mystery of who I was, the abyss of being removed from the stage, was the word,

> Victor Perera, the author of "Unfinished Conquest: The Guatemalan Tragedy" and "The Cross and the Pear by his unbounded vitality and the trans- Tree: A Sephardic Journey," wrote thus

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BRIDGE

By Alan Truscott

F there were to be an award Pairs title in 1986. for the world's most luxurious bridge club, the Regency Whist at 15 East 67th Street, which has its roots in the ancestor game of whist. who heads the Card Commitwould be a strong contender. its playing rooms, bar and dining room are of a quality trump, although there were spectacular failure: West that would be hard to match

Club members and a group of invited experts contended for East to bid his spades and in a special duplicate game on Monday, and the North-South winners were two members. to respond one spade, which Beverly Gunther Winning partnerships have an agree-East-West, in spite of a ment that two spades over one ling three no-trump, asking matchpoint handicap im-posed on them and the other natural bid, not a cue bid, and have been sorry if his partner

and Judge Amalya Kearse. successful defense. After East but as it was he had a stunning whose many successes in- passed, South could bid two success. His partner dutifully clude the World Women's no-trump, leading to game, or led the ace and another spade,

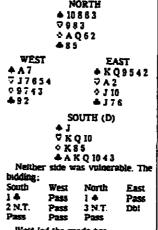
On the diagramed deal the East-West cards were held by James Loeb, the president of his partner in a quandary after the club, and Edith Sacks, winning with the ace. A shift tee. It was normal for North-South to reach three no- but could also have been a several bidding variations. If North responded one diamond to one club, it was easy

so inhibit a no-trump game. But the modern tendency is Immerman and may silence East. Many good bid three no-trump directly.

Now it was normal for seven tricks to collect 500. West to lead a heart, leaving to a low spade would have been a spectacular success. could have held five hearts headed by the king-jack, and a singleton spade. So East makesthe obvious return of his remaining heart, and South had I I tricks.

This did not happen when Loeb was East. As shown, he tried the bold gamble of doubexperts, were Jacqui Mitchell that would also prepare for a had held a singleton spade.

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*Code-Sharing Alliances: Not Always in the Flier's Interest own code in another airline's cabin. "seamless" transfers, enabling them to check baggage right through and recover all boarding cards in one go; conversed through the conversions and seamlest transfers, But unless market forces increase compensation of better deals for ground? Can I use an executive maller plane? Is my connection of better deals for ground? Can I use an executive maller plane? Is my connection of better deals for ground? Can I use an executive maller plane? It my connection of better deals for ground? Can I use an executive maller plane? It my connection of better deals for ground? Can I use an executive maller plane? It my connection of better deals for ground? Can I use an executive maller plane?

were booked on is the one you will actually fly, whatever your boarding card says. Or whether you will set out on one type of plane and arrive on another, perhaps on a connecting flight with a second or third carrier.

Buy a ticket from Air France from Nice to London and you will find your-self on a British Midland flight. Continental Airlines passengers from Gatwick to Orlando, Florida, may be surprised to board a Virgin Atlantic 747. Nobody told you that Delta was operating what you thought was a Swissair flight from Zurich to Cincinnati.

Whether you're pleased, perplexed, angry or indifferent may depend on which one airline sells seats under its

airlines agree to use the same 'designator.' or flight number, for a flight or series of connecting flights in order to attract more business by extending their networks through partner carriers.

Code sharing is the most visible con-sequence of the alliances that airlines are forging in their quest for global dominance. These accords include loose marketing agreements; reciprocal sales and marketing pacts; coordination of schedules and fares; cross-equity holdings and aircraft-buying consortia; and franchising deals where one airline pays another for the right to carry its name.

The alliances sometimes take the form of block-seat arrangements in

One can expect to see more airlines sharing the same plane with their own fares, flight attendants, meals and inflight service. By the end of the decade, at least half the long-haul services are likely to be operated as joint flights with perhaps half a dozen airlines sharing the same cabin on a new generation of "super jumbos."

FEWER TRAVEL OPTIONS

Not surprisingly, airline partnerships are packaged by airlines as hugely desirable. But for whom? Open skies were supposed to mean more competition. more players in the marketplace, more options for travelers — and lower fares. Travelers can certainly benefit from

around at megahubs; joint ticket sales and reservations; joint frequent-flier programs with scope to earn and redeem miles on a wider choice of carriers and hotel and car-rental partners.

But through the subterfuge of code sharing is a return to the days before deregulation of monopoly and duopoly routes with "pooled" schedules and revenue, to less choice of flights on some routes and to the threat of higher fares.

There is also growing criticism that code sharing is misleading because the traveler is buying one product but getting another. The U.S. Department of Transportation found that 30 percent of passengers on code-sharing flights were not told which carrier they would be flying.

You can guarantee that airlines didn't decide to form alliances so they could offer the traveler cheaper fares or better service," said Mike Platt, commercial director of Hogg Robinson Travel in London. They formed alliances to reduce their costs and increase

the traveler.

معكذا من الاصل

MONG high-profile examples of airline accords is the con-tentious British Airways alliance with American Airlines (awaiting approval by the European Union this month), serving 401 cities.

Others are the Star Alliance of Air Canada, Lufthansa, SAS, Thai Airlines, United Airlines and Varig, serving 642 cities; the new Qualifiyer Group of Swissair, Austrian Airlines and Delta Air Lines, serving 294 cities; British Airways and Qantas, Singapore Airlines, Ansen, Air New Zealand, Singapore Airlines and Lufthansa; and KLM,

Northwest and possibly Continental.

Cracking the airline codes comes down to asking the right questions: Which airline will be operating this flight? How many times does it stop and where? Is there a change of aircraft or airline? Will my seating and meal reguide. If in doubt, call the airline.

TRAVEL DEALS

quirements be respected throughout the journey, especially if I am decanted to a smaller plane? Is my connection "guaranteed"? How long will I be on the ground? Can I use an executive lounge? Will I earn frequent-flier miles on both code-sharing airlines? Is there an alternative noncode-sharing route with a cheaper fare?

Airlines hosting computerized reservations systems tend to manipulate display screens — or give incentives to travel agents — in favor of their own flights. Code sharing allows airlines to offer on-line connections that may involve a change of plane or carrier as direct flights.

So ask the agent to check all the screens for a through flight before putting you on a connecting code-sharing flight. Be aware that a direct flight does not mean nonstop: It means you are stopping somewhere, but staying on the same plane.

Airline timetables should reveal code-sharing flights. But the only way to be sure is to subscribe to a neutral database such as an OAG electronic

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	<u> </u>	30.
GULF AIR	London to Sydney	Round-trip fare (via Bahrain) for £685 (\$1,140). For travel until July 14. The Travel Bug (44-990) 737-747.
JAPAN AIRLINES	Britain to Japan	JAL Mileage Bank members eam double miles on new service between Heathrow and Nagoya. Until June 30.
	and the state of	THE REPORT OF THE PERSON OF TH
HYATT REGENCY	Osaka	"Super Saver" rate of 15,000 yen (\$112), single, and 20,000 yen, double, for a "deluxe" room. Until Dec. 31.
INTER-CONTINENTAL	Asia-Pacific	"Double Options" added-value program offers guests paying any published rate at 27 hotels in the region the choice of two of the following: upgrade to a junior suite or Club Inter-Continental accommodation; a second room at 50 percent discount. American breakfast: double mileage or points with par-

ticipating airlines. Until May 31. "World Cup Widows" weekend package for \$124.50 per person per night in a "deluxe" room includes Continental breakfast, a one-day pass on the Old **PARK HYATT** Washington lown Trolley and shopping discounts. From June 1 to Aug. 31.

SUNWAY HOTEL Hanoi Rates from \$75 for a "superior" single. Until May 30. TRAVELODGE New budget hotel convenient for Canary Wharf and London City Airport offers London standard rooms for £49.50 (\$82) a night.

Although the IHT carefully checks these offers please be forewarmed that some travel agents may be unaware of them, or unable to book them

GUIDE ARTS

BELGIUM

Koninklijk Museum Schone Kunsten, tel: (3) 238-7809, closed Mondays. To July 26: "Pieter Breugel le Jeune et Jan Bruegel l'Ancien: Une Famille de Peintres Flamands vers 1600." Approximately 130 paintings and 20 works on paper by the sons of Pleter Bruegel the Elder (12 of his paintings are also shown). Jan Bruegel the Elder (1568-1625) was a painter of flowers and still lifes, while Pieter Bruegel the Younger (1564-1637) copied his father's work thus making it familiar to a wider public.

BRITAIN

GLASGOW

Art Gallery and Museum, Kelvin-grove, tel: (141) 287-2700, open daily. To Aug. 30: "Scrolls From the Dead Sea." Nine scrolls on parchment accompanied by objects excavated at Qumran in 1947 that illustrate the simple life of the small

Jewish community of the Essenes 2.000 years ago. The scrolls will travel to Paris and Cologne.

National Gallery, tel: (171) 747-2885, open dally. To Aug. 2: "Masters of Light: Dutch Painters in Utrecht During the Golden Age." Utrecht painting in the 17th century combines Italian theatricality and lighting effects with Dutch sensitivity to nature. The exhibition features 80 paintings by 20 arlists such as Abraham Bloemaert, Dirck van Baburen and Gerard van Honthorst.

Tate Gallery, tel: (171) 887-8000, open daily. Continuing/ To May 17: "Bonnard." Landscapes, still lifes, interiors, bathroom pictures and self-portraits by the French painter (1867-1947).

FRANCE

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Belgian Paintings

Henry J. E. Evenepoel (1872-1899), Charles in a Striped Jersey,

"Charles au Jersey Rayé".

1016 Madison Avenue, 2nd fl., NY, May 7 - May 30, 1998 Mon.-Fri. 10:00 cm - 7:00 pm, Sat. 11:00 cm - 5:00 pm or, by appt. (212) 652-3400 Stand F4 at the International Fine Art Fair, May 8-13, 1998

Oil on canvas. 28 - 1/2" x 19 - 3/4", (72 x 50 cm), sign

Grand Palais, tel: 01-44-13-17-17, closed Tuesdays, To June 29: "Man Ray: La Photographie a l'Envers." Hundreds of fashion photographs, landscapes and portraits of the 1920s and '30s. The exhibition contrasts Man with his creative works and his use of complex technics. The show will travel to Rome

Musee du Petit Palais, tel: 01-42-65-12-73, closed Mondays. To July 26: "La Gloire d'Alexandrie." Extensive underwater and land excavations have been taking place in Alexandria, Egypt, over the last five years. The exhibition brings together items that docu-ment the history of the city be-tween its foundation by Alexander the Great and the reign of Cleo-patra, 300 years later. Also to July 26: "Alexandrie !"Egyptienne." Photographs taken by the Brazillan artist Carlos Freire, who traveled to the city in 1995 and

GERMANY

COLOGNE Waliraf-Richartz-Museum.

(22) 221-2372, closed Mondays and Whit Monday. To June 7: "Landscape as Cosmos of the Sour: Nordic Symbolist Painting Up to Munch, 1880-1910." A survey of Scandinavia's contribution to symbolist landscape painting. Often inspired by the School of Pont-Aven and Gauguin, Hammershol, Strindberg and Munch, among others, exploited the possibilities offered by the Nordic countryside and its distinctive climate.

ITALY

VENICE

Peggy Guggenheim Collection, tel: (41) 520-6288, closed Tues-days. To Sept 13: "The Later Morandi: Still Lifes, 1950-1964." Works by the Bolognese painter (1880-1964) in his last years. They reveal his obsessive repethion of the same subject matter with variations only in tone, composition and viewpoints.

SPAIN

MADRID Museo Nacional Centro de Arte Reina Sofia, tel: (1) 467-50-62, closed Tuesdays. To June 1: "Esteban Vicente: Obras de 1950-1998." Documents the Spanishrival in New York in 1950 where he became alligned with the Abstract Expressionists: Features paintings, works on paper and col-

SWITZERLAND

Kunstmuseum, tel: (61) 271-0445, closed Mondays. To July 19:



Walker Evans photograph in Atlanta exhibition.

"Andy Warhol: Zeichnungen, 1942-1987," A selection of 200 drawings from the thousands by the American artist whose philosophy was that " business art is a much better thing to be making than art-art."

www.kunstmuseumbasel.ch UNITED STATES

High Museum of Art, tel: (404) 733-4437, closed Mondays. To June 14: "Walker Evans: Simple Secrets - Photographs From the Collection of Marian and Benjamin A. Hill." Beginning with Evans's early New York abstractions. street scenes and portraits, the exhibition also covers the Amer ican photographer's work in Tahiti Cuba and the United States.

National Gallery of Art, tel: (202) 737-4215, open daily. To Aug. 16: "Mark Rothko." Works on canvas and paper by the American artis (1903-1970). The exhibition includes figurative works from Rothko's early period in New York, his experimentation with mythological themes in the early 1940s. and his abstract "multifor n the decade. The show will travel

CLOSING SOON

to New York and Paris.

May 10: "La Cote d'Azur de Jacques-Henri Lartigue." Foto-grafie Forum international, Frankfurt. May 10: "Bill Viola." Whitney Museum of American Art, New

York, May 11: "La Collection Lemme Tableaux Romains des XVIIe et XVIIIe Siecles" and "La Vierge A L'Enfant d'Issenheim." Musee du Louvre, Paris.

May 12: "Fernand Leger," Museum of Modern Art, New York.



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For Daimler and Chrysler, the Road Ahead May Be Full of Potholes *

By Keith Bradsher New York Times Service

DETROIT - A quarter of a century ago, most automakers were convinced that the only way to thrive was to imitate a then-wealthy General Motors Corp. and become as big as possible, producing cars of every size and shape and selling them in every market around the globe.

After many years in disrepute, the theory is back in fashion now and fully reflected in Daimler-Benz AG's planned takeover of Chrysler Corp. The deal would turn two medium-sized automakers with limited vehicle lineups into a nearly global manufacturer selling everything from economy cars to luxury

Chrysler Stake

By Geraldine Fabrikant

New York Times Service

Over the years, he purchased 100 million

half of that investment two years ago. The investment, which was met with

contempt on Wall Street and hostility at

corporate raider, paid off even before

the talks between the car companies

Late Thursday, after the companies'

boards approved the deal, shares in

Chrysler were up \$3.6125 at \$52.625. On

Wednesday — the day the carmakers

confirmed they were in talks, the shares soared \$7.375 to \$48.8125. Mr. Kerkori-

an, who turned a huge profit when he sold his stake in MGM/UA Communications

a decade ago, paid an average of \$14 a share for his Chrysler holdings.

were disclosed Wednesday.

The short-term advantages are clear. Daimler's automotive unit, Mercedes-Benz, would no longer be so dependent on European sales and on the luxury-car market, which is vulnerable to any tumble in stock prices. Chrysler would no longer earn almost all of its profit from sales in the United States of a few models of sport utility vehicles, pickup trucks and minivans.

But several obstacles remain to its long-term success, auto executives said. One lies in avoiding the ponderous decision-making that has plagued GM, partly because of its size. Another danger lies in combining two giant corporations he was an executive vice president of

third pitfall may lurk in the automakers' sometimes contentious labor relations.

Just as many airlines now see their futures lying in mergers and joint marketing agreements that span continents, Daimler-Benz and Chrysler, by combining, could put new pressure on smaller automakers around the world. Small producers must now choose to either form their own alliances or risk being trapped in their home markets with a limited lineup of models.

Oddly enough, one of the strongest critics of large automakers is Robert Lutz, Chrysler's deputy chairman. Mr. Lutz said in a recent interview that when

early 1970s, he was often asked whether BMW would have to merge soon because it produced fewer than a million cars a year and seemed to have few

economies of scale. 'Here's BMW 25 years later, still gloriously independent," Mr. Lutz

He added that the most efficient auto-makers produced 300,000 to 3 million vehicles a year. Then he suddenly stopped and quickly revised the upper limit for efficient production to 5 million — Chrysler made nearly 2.9 million vehicles last year, so an upper limit of 3 million

would preclude it getting any larger.

Merging European and American

result last time was a disaster that Chrysler executives know particularly well. In 1981, Renault of France took control of American Motors Corp., which made Jeeps and Eagle cars. What followed was years of struggle between Detroit and Paris over who would make the decisions, while Renault insisted that American Motors try to sell Frenchdesigned cars that often did not meet

Squabbles among executives ended dooming the Renault merger, said Gerald Meyers, who was chairman and chief executive of American Motors un-

til 1982, when he resigned. On paper, it was a marriage made in

Daimler's Driven Chief:

U.S. standards.

Firmly Behind the Wheel By Edmund L. Andrews

FRANKFURT - Long before he orchestrated the stunning takeover of Chrysler Corp., Juergen Schrempp had been setting the stage by overhauling his

New York Times Service

own company from top to bottom. In the three years since Mr. Schrempp became chairman of Daimler-Benz AG. he has lopped off more than a dozen companies and reversed the disastrous diversification effort of his predecessor, Edzard Reuter.

Mr. Schrempp has reorganized the company, eliminating more than a thousand midlevel managers and forcing those who remained to focus relentlessly on profit performance.

The results have been impressive. After logging a \$3.2 billion loss in 1995, mostly because of writing off its investment in the Fokker aircraft company, Daimler-Benz's sales climbed 19 percent last year, to \$68 billion, and operating profits soared 79 percent, to about \$2.5 billion.

Mr. Schrempp is now about to take his biggest gamble ever. Having slimmed down Daimler-Benz by bailing out of businesses from airplanes to insurance, the combative 53-year-old chairman is bulking up again with one of the biggest takeovers in history.

He is also embarking on a huge exercise in cross-cultural management. As Germany's biggest industrial conglomerate, Daimler-Benz's history dates from the late 19th century and includes a sordid period as a major component of the Nazi war machine during World

In the decades of Germany's "eco-nomic miracle" immediately after the war, Daimler-Benz grew rapidly into a major manufacturer of expensive, highquality cars. As Germany's prosperity soared, so did that of Daimler-Benz.

Things became unglued in the early 1990s, when Mr. Reuter embarked on a sweeping program to expand into new industries. Convinced that the company should become a wide-ranging "technology" enterprise, Mr. Reuter expanded into aerospace and aircraft, data processing and even insurance.

Most experts now say the strategy was grievously flawed, but the problems were compounded by recession in the United States and a soaring value of the Deutsche mark, which made exports difficult.

Though Mr. Schrempp had been part of Mr. Reuter's regime, he quickly began to carry out a counterrevolution after he took over in early 1995.

Daimler-Benz shed more than 40,000 workers in less than two years as it sold or simply shut down marginal business. By late 1996, Mr. Schrempp had refocused the company on automobiles and trucks, which account for about 70 percent of Daimler-Benz's sales.

The transformation has not always been pretty. Last year, Mr. Schrempp reorganized the company structure and

eliminated Mercedes' separate board. Under the proposed new deal, Mr. Schrempp will at least nominally be sharing power with Chrysler's chairman, Robert Eaton. But Mr. Eaton's right to represent the Tuscaloosa workers position as co-chairman of the new and said the union feared that in the next Daimler-Chrysler conglomerate is ex- recession. Daimler might lay off Chrysler pected to be a transitional post - cer- workers in the United States before it let tainly if Mr. Schrempp has his way.

sedans to sport utility vehicles, minivans with very different business cultures. A Bayerische Motoren Werke AG in the automakers is not a new idea, and the beaven," he said, but in practice, "the cultures couldn't get together, and that was the reason it foundered."

Renault ended up selling American Motors in 1987 to Chrysler, which promptly turned Jeep into one of the world's most valuable brands

The last senior French executive ar Chrysler from that era, Francois Castaing, was passed over for the job of president a year ago and left his position as an executive vice president to become a consultant to Chrysler.

Mr. Meyers said that although Robert Eaton, Chrysler's chairman and chief executive, has international experience from having run GM's European op-erations, Mr. Lutz, who speaks fluent German, would be the key to preventing the Daimler-Chrysler deal from running into the problems that Renault and American Motors encountered.

Mr. Lutz is known for his passion for car design, as are many German auto executives but few top Detroit executives, who commonly rise to the top through their companies' financial op-erations. Mr. Lutz is well known in Detroit for ridiculing financial executives.

But one question is how long Mr. Lutz

will remain at Chrysler. He is 66 and stepped down last year from his position as Chrysler's president and chief operating officer, although he continues to play an influential role in the design of new vehicles. He had been expected to retire as deputy chairman when his contract expires at the end of this year, but he hinted in a recent interview that he might be willing to stay longer.

Another long-term problem for Chrysler and Daimler-Benz may also lie in labor relations. Juergen Schrempp, Daimler's chairman and chief executive, has restored the company's profitability partly through a series of showdowns with German unions, although the unions continue to be represented on Daimler's board. When Mercedes decided in the early 1990s to begin producing sport utility vehicles in the United States, it chose to build a nonunion factory in Tuscaloosa, Alabama.

All of Chrysler's factories in the United States are represented by the United Automobile Workers union. The union has had no success in organizing non-U.S. automakers' factories in the Southern United States, but Chrysler endured a 29-day strike a year ago that crippled its profit.

UAW leaders said Wednesday that they were withholding judgment on the companies' proposed combination until they had more details. But people close to the union predicted that it would seek the go any Mercedes workers in Germany.

Automakers have led the way in seek-

secutive record year for advisers on

European mergers and acquisitions as industries such as pharmaceuticals, banking and engineering consolidate

in anticipation of increasingly tough

global competition and monetary un-

deal could make up to \$200 million, of

which the bankers are likely to take the

majority," said Angela Ward, contrib-uting editor of Acquisitions Monthly.

pany, Goldman, Sachs advised on \$77.3 billion of deals in the first quarter of 1998. Credit Suisse will see its first-

quarter total of \$28.8 billion more than

doubled in the next quarter. Deutsche, which was ranked outside the top 10

largest advisers, could rise into the

about a half share — 0.547 of a Daimler-

Chrysler share - for each Chrysler

Schrempp's acquisition is certain to

mark Daimler as a leader of change. The

In once-staid corporate Germany, Mr.

premier division because of the deal.

According to Securities Data Com-

'The lawyers and bankers on this

ion in Europe.

share they hold.

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Legite Neighbors Devaluation

By Thomas Crampton: Carrie of the Colvet of Land

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Is the that the deal struck in Brasston to exactly ideal Mr Daisto hope the first president of the
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But there? the about half way through his the fam to make way for Mr.

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Shareholders can count on far more generous payouts in the future than Daimler's shareholders are accustomed

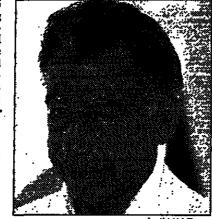
With savings from joint purchasing, shared research and exchange of com-

ponents and technologies, the combined Danmler-Chrysler expects benefits of \$1.4 billion next year. Mr. Schrempp called it a conservative figure.



shares, for a total of \$1.4 billion, making agreed not to acquire more than 13.75 percent of the company. In the ensuing two years, Mr. Kerkorian sold 11 million shares back to Chrysler, for a total Chrysler because of his reputation as a of \$370 million, to comply with the percentage limit. He has also received \$500 million in dividends. Those payments, together with the value of his current holdings if the deal goes through, would total nearly \$5.9 billion. or more than four times his investment.

Mr. Kerkorian has long been a thorn in the side of Chrysler's management, threatening a takeover in 1995 after teaming up with Lee Iacocca, the company's former chairman. But two people close to Mr. Kerkorian said Wednesday that he did not know about the current In the wake of a 1996 agreement with talks until January, when they were Chrysler's management, Mr. Kerkorian already well under way.



Kirk Kerkorian could net billions.

German Companies Turn Less German

By William Drozdiak Washington Post Service

BERLIN - The decision by Daimler-Benz AG to seek history's biggest industrial merger, with Chrysler Corp., reflects an accelerating trend among the most prominent German enterprises to pursue what they see as more profitable destinies in the U.S. market.

German companies striving to stay competitive in the post-Cold War revolution of global markets are saddled with some of the world's most expensive labor costs and social benefits. So companies long renowned as Germany's champions, such as Siemens AG and Volkswagen AG, have shed their national identities to seek greater fortunes abroad.

DAIMLER: Carmakers Rolling

Continued from Page 1

Chrysler's presence across North America to increase sales of its luxury cars without stealing Chrysler's traditional mass-market customers. Chrysler can exploit Daimler's European network to multiply foreign sales of its cars without treading on Daimler's turf.

With the takeover, Daimler pulls ahead of VW in the drive to expand into all segments of the motor vehicle mar-ket. VW's top-of-the line luxury models are still on the drawing boards and it still wants to buy a line of heavy trucks. The merged German-U.S. company, meanwhile, covers every segment from sub-compacts such as Chrysler's Neon model to Daimler's S-class limousine, once called a "cathedral on wheels."

"Both companies have product ranges with world class brands that complement each other perfectly," Mr.

Eaton said.

Daimler makes Mercedes-Benz luxary sedans, while Chrysler presides over the Dodge, Plymouth and Jeep brands. Its Jeeps and minivans are market leaders in some of the fastest-growing segments of the auto market.

Mercedes-Benz and Chrysler will remain distinct brands, even within the combined company, Mr. Schrempp said. We believe very strongly that a brand is the most important thing a company owns and I can assure you we will do nothing but to improve those brands and yes, they will clearly be separate brands forever," he said.

Countering speculation that Daimler will divest its aerospace operations to focus on cars, Mr. Schrempp vowed that the company is keeping its aircraft, defense, helicopter and train units.

DaimlerChrysler will exist under German laws of incorporation as an Aktiengesellschaft or AG, although it will maintain two "operational" headquarters, in Stuttgart as well as in Chrysler's head office in Auburn Hills, Michigan. Shares in both companies rallied strongly for the second consecutive day

as costs have plunged and profits soared. employer, says that a majority of its But the downside is equally clear. Almost workers are now employed abroad. 5 million people, or nearly 13 percent of ing to shore up their efficiency and their the labor force, cannot find work. Germany has not witnessed this level of jobbalance sheets through foreign investssness since the Nazis came to power. ments. Almost all of Audi's engines now

'Germany is on its way to becoming come from a gleaming new plant in Gyor, an industrial museum," said Amulf Bar-Hungary, where workers earn about onesixth the wages in Germany. Soon Audi ing, professor of economic history at the Free University in Berlin. "There is a AG, a subsidiary of Volkswagen, will be total paralysis in political leadership because nobody in the mainstream parties dares to suggest wage cuts or social welfare reductions. These companies cannot afford to wait for serious reforms,

Last year German companies invested about 10 times as much money outside sumers in Canada and Mexico through

assembling entire cars in Hungary, while some of VW's own new models will be turned out at plants in Slovakia. The United States, with labor costs estimated at roughly half the average rate of \$29 an hour in Germany and so they are voting with their feet." access to a vast pool of affluent con-

Germany as foreign companies invested the North American Free Trade Agree-The benefits are evident: Germany's in Germany. Siemens, the electrical giment, offers enormously lucrative posstock market has hit record highs this year ant that was once the nation's biggest sibilities for German companies.

A Boon for Investment Bankers

LONDON — The merger between Daimler-Benz AG and Chrysler Corp. could generate as much as \$200 million in fees to advisers, with Credit Suisse First Boston; Goldman, Sachs & Co.; and Deutsche Bank AG getting the lion's share, analysts said Thursday.

Credit Suisse is advising Chrysler, and Deutsche and Goldman, Sachs are advising Daimler-Benz on what will be the largest merger of two industrial companies and the largest acquisition

of a U.S. company by a foreign one.

"It's groundbreaking — it is also the largest ever cross-border transaction," said Don Meltzer, head of European mergers and acquisitions at Credit

The fees from the deal will increase profits in what could be the third con-

as investors endorsed Mr. Schrempp's the new company at a 1-to-1 ratio, but declaration that the "two companies are Chrysler shareholders will receive only Daimler-Benz shares closed in Frank-furt at 205.10 DM (\$116.20), up 12.20

DM, while Chrysler closed at \$53,0625 in New York, up \$4.25. VW's announcement came after the close of trading on the Frankfurt Stock

Exchange. The new "Chraimler" company, as the daily Frankfurter Allgemeine Zeitung dubbed it, will produce over 4 million cars and trucks annually, trailing only General Motors Corp., Ford Motor Co., Toyota Motor Corp. and VW in

vehicle output. The trans-Atlantic alliance will offer a full range from rugged off-road vehicles to luxury limousines. Ranked by revenue, earnings and

market capitalization, DaimlerChrysler climbs to the world's No. 3 carmaker. Both companies emphasized that in

and took pains to avoid the notion of a takeover. Under the terms of the stock swap, however, Daimler shareholders hold the better cards.

technical terms, their accord is a merger

fresh winds of decentralized Americanstyle management will accelerate the cultural revolution that Mr. Schrempp Chrysler already has begun to prod change at Daimler, analysts said. Mr. Eaton said the new company will cater to its shareholders by "returning surplus cash" to shareholders.

Over the next few years, savings will more than double to about \$3 billion, the

They can trade their shares for stock in executives said.





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Lam Sui-chun showing a toy from the family factory at Shenzhen, a strong international competitor.

China Hasn't Lost Its Exporting Edge

Despite Neighbors' Devaluations, Its Industries Hold Many Advantages

By Thomas Crampton International Herald Tribune

SHENZHEN, China - Plastic dinosaur dolls and Joe Camel ashtrays adorn the shelves of Lam Sui-chun's office, but her real trophies are the stacks of squeaky

"Ten years ago we proved to a client that we could put the squeak they wanted into the boxes," Mrs. Lam said. "They liked our work, made many orders and told other people about our factory.

The recommendations led to visits and more orders and helped the family-owned toy factory grow in less than a decade from a workshop in Hong Kong to a five-floor factory in southern China producing 20 million plastic toys

They may make the sweet sound of success for Mrs.

Lam, but the squeaky blocks should serve as a cry of alarm for other Asian economies hoping to export their way out

of economic crisis, manufacturers and economists warn. Mrs. Lam's factory is one of thousands in Shenzhen producing low-cost, labor-intensive toys and other goods that compete with Southeast Asian exports.

Currency devaluations have slashed labor costs by more than half in several Southeast Asian countries, and the Chinese yuan has hardly changed in value. But man-ufacturers looking at Asia say that southern China still has a host of advantages over Thailand, Malaysia and Indonesia.

These advantages, many related to the region's proximity to Hong Kong, will continue to draw manufacturers away from other markets, particularly in times of crisis and despite sharp devaluations.

See TOYS, Page 17

Thinking Ahead /Commentary

Solomonic Decision on Central Bank

By Reginald Dale International Herald Tribune

ASHINGTON --- An orgy of criticism has greeted the European Union's decision to split the job of Europe's top central banker between two equally qualified candidates Wim Duisenberg of the Netherlands and Jean-Claude Trichet of France. But the decision makes more sense than the outcry against it.

Despite the critics' claims, there is no evidence that the judgment of Solomon handed down by EU leaders in Brussels last weekend will actually undermine the independence of the future European Central Bank or damage the credibility of the European single currency, the euro, after it starts next year.

On the contrary, hard-headed professionals in the financial markets have had the good sense not to be stampeded into a negative reaction by the herdlike protests of the media and the leaders' political opponents. It is true that the deal struck in Brus-

sels was not exactly ideal: Mr. Duisenberg is to be the first president of the new European Central Bank, on the understanding that he will "voluntarily" retire about half way through his eight-year term to make way for Mr.

backed Mr. Duisenberg, that outcome direction. Germany, even under differwas probably the best available. It was ent leadership, would never allow it. certainly better than no agreement at all, or the adoption of a compromise candidate that would have meant the loss of the two strongest contenders for the post.

Mr. Dnisenberg is already widely respected as chief of the European Monetary Institute, the forerunner of the new bank, while Mr. Trichet has proved himself commendably independent as governor of the Bank of

As a result, the bank will be guaranteed first-class leadership for at least the first 12 years of its existence, instead of eight years if only one of the candidates had been chosen. That compares favorably with the renewable four-year terms served by the chairman

of the U.S. Federal Reserve. Nevertheless, the critics say, the leaders have set an unfortunate precedent for political interference with the leadership of the bank, and the unseemly diplomatic infighting between France and Germany in Brussels bodes ill for Europeans' ability to submerge their national interests in an

economic and monetary union. But there will be little further opportunity for governments to seek to influence the bank, now that its leaders have been appointed - and just about But with France insisting on Mr.

Zero chance they all would agree to lean on it at the same time in the same

Anyway, the European bank's president will not act alone, but in concert with an executive board that looks like a "dream team" of inflation fighters, as well as with the tough-minded, independent chiefs of the national central

The fact that France insists that the president be appointed by political leaders does not make the bank susceptible to political pressure, any more than the fact that the U.S. president names the head of the Federal Reserve Board. It would be a big mistake to assume that Mr. Trichet will do the bidding of Paris.

It is also disingenuous to reproach the EU's leaders for not suddenly adopting a supranational mentality to coincide with the birth of the single currency. That will not happen as long

as politics remain national But the main point is that the success of the euro will not be determined by the length of Mr. Duisenberg's stay in Frankfurt. It will depend on the EU's economic and political strength, its trading balance, the fiscal policies of its member governments and the monetary policies of the central bank. The outcry over its leaders' latest shenanigans in Brussels will mercifully soon be largely forgotten. *E-mail address:*

thinkahead@washpost.com

VW Triumphs in Rolls Bidding

Vickers Will Recommend Its Offer Over BMW's to Shareholders

LONDON — Volkswagen AG agreed Thursday to buy the Rolls-Royce Motor Cars Ltd. division of Vickers PLC for £430 million (\$713.2 million), turning back a bid from a rival German carmaker, Bayerische Motoren Werke

The offer, which comes eight days after Vickers agreed to accept BMW's offer, is conditional until a Vickers shareholders meeting June 4. Vickers will recommend that its shareholders accept the higher offer.

"It shows that Vickers have taken an independent view and really are looking to get the most they can for shareholders out of the Rolls-Royce business," said Tony Lancelott, an analyst at the brokerage Albert E. Sharp.

The new bid came on the same day that Daimler-Benz AG agreed to buy Chrysler Corp. in a move that brings together the Mercedes-Benz luxury car line with the cost-cutting savvy of

Chrysler.
"Throughout the Rolls-Royce Motor Cars sale process, we have focused on achieving the maximum value for our shareholders, and this remains the case," said the Vickers chairman, Sir Colin Chandler.

"I am confident as to the strong prospects for Rolls-Royce Motor Cars under

the ownership of either BMW or Volks-wagen. Both are leading players in the luxury automotive segment, capable of continuing to develop this premier busi-Like the BMW offer, Volkswagen's

bid does not include a bid for Cosworth Engineering, Vickers's racing-engines

Vickers said that apart from offering £90 million more, the VW bid was comparable to BMW's, which included a guarantee to pay back working capital invested by Vickers this year.

For Volkswagen, a purchase could raise concern among shareholders about the heavy costs of investing in Rolls-Royce. Its shares had risen after it appeared to lose the bidding last week. when Vickers said it had concluded the preement with BMW

VW has said it would invest as much as £2 billion to quadruple production of Rolls and Bentley cars to 10,000 a year.

It would have to spend far more than BMW, which had said it would invest £1 billion, because it would have to develop new engines for Rolls-Royce's

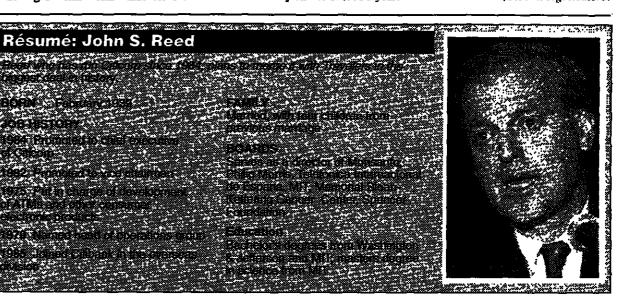
latest Silver Seraph model.

BMW supplies about 30 percent of the parts for the \$250,000 car, including the air conditioning and V-12 engines. It had threatened to cut engine supplies if

it lost the bidding.

Analysts said they doubted BMW would top a higher Volkswagen bid, and BMW has said that it won't raise its offer. BMW also faced criticism after it agreed to pay £800 million for Rover Group PLC, a price many observers

considered too high. VW has said it wants engines for Rolls-Royce and Bentley to be made in Britain. VW has mentioned the possibility of Cosworth making future engines. "Vickers and Volkswagen intend to review how the relationship between Rolls-Royce and Cosworth should best be continued in the future," Vickers said. Vickers shares closed down half a pence at 235.5 pence. The announcement came after the market had closed.



Citicorp Venture Is Vintage John Reed

By Timothy L. O'Brien
New York Times Service

NEW YORK - More than two decades ago, John Reed, then an executive vice president of Citicorp, lost hundreds of millions of dollars on newfangled banking products such as automated teller machines and credit cards. Eventually, both bets paid off handsomely.

Today, Mr. Reed, now Citicorp's chief executive, is staking his entire franchise on an even more audacious plan: an agreement to merge with Travelers Group in what would be a record \$74.5 billion transaction. If successful, the accord promises to reorder the landscape in financial services. That is a big "if," however, as it depends not only on changes in laws that currently restrict combining banking and insurance but also on melding profoundly different corporate cultures.

On Wednesday, Citicorp and Travelers laid out the managerial hierarchy at the merged company, to be called Citigroup. Although Citicorp executives appear to have broad representation in the new organization, Travelers' management has won more of the key leadership positions.

This surprised few analysts, given Mr. Reed's proclivity for emphasizing process over people by regularly re-placing Citicorp's senior managers through the years.

It is fitting that, in what will certainly be seen as the signature act of an often tumultuous banking career, Mr. Reed has embarked on a merger that takes into uncharted territory. Throughout his 14-year tenure at the helm of Citicorp, Mr. Reed, 59, has proved to be an elusive, eccentric corporate experimenter who operates on the grandest of scales.

John has done an outstanding job of focusing the bank over the last few years," said Frank Shrontz, former the sale of fountain-dispensed soft chief executive of Boeing Co. and a longtime Citicorp director. "He has a ors." When Pepsi "recently intensified

every CEO I'm familiar with - and his recognition of the changing nature of banking has positioned the bank to capture that opportunity.

The pole stars of Mr. Reed's business

life have always been a fascination with consumer banking and a strong international bent. But to achieve his goals. he has gone in many directions. He has hired marketing wizards with no banking experience, coolly churned through a series of strong-willed executives before leaving them by the wayside, pursued nascent banking technologies and products with monkish determination, and at first ignored and then sharply scaled down a formidable corporate banking business that nearly brought Citicorp to ruin in the early 1990s.

Now, by merging with Travelers, Mr. Reed is recommitting Citicorp to corporate banking and hitching the merged

company's fortunes to the unproven virtues of cross-selling financial products to consumers. The new company will offer consumers around the globe banking, insurance, mutual funds and brokerage services under one roof while trying to provide large corporations with stock and bond underwritings, loans and ad-

Even with the new management team in place, federal regulators still will have to approve Mr. Reed's grand plan, forcing a reconsideration of laws that have circumscribed bankers for decades. It is all brash, chancy and vintage

Mr. Reed declined to be interviewed

for this article. But in an interview on April 6, the day of the merger announcement, he said, "If we can satisfy the customers' needs, they're not going to worry about the business system we set

Pepsi Sues Coke on Contracts

By Mitchell Martin nal Herald Tribuni

NEW YORK — Opening a new front in the cola wars, Pepsico Inc. said Thursday it was suing Coca-Cola Co. on antitrust grounds, claiming its larger rival puts unfair pressure on food-service companies that deliver soft drinks

The suit, filed in federal court in New York, asks for damages, but the amount was not specified. Pepsi said Coke's contracts with dis-

tributors force them to sell only its products. If they try to sell drinks from ther manufacturers, Pepsi claimed, Coke cuts them off.

The suit said "Coca-Cola dominates the sale of fountain-dispensed soft its efforts to challenge Coke's monopoly in this market, Coca-Cola took preemptive action by threatening to cut off and actually cutting off supplies of Coke to food service distributors that fulfill customers' requests for Pepsi instead of Coke.'

A Pepsi spokesman said the action applied only to the U.S. market. Pepsi, which recently spun off its three fast-food restaurant chains into a company called Tricon Global Restaurants Inc., has been trying to expand its domestic

"Rather than compete on the mer-its," the suit said, "Coca-Cola embarked upon a strategy to use its market power to perpetuate its monopoly."

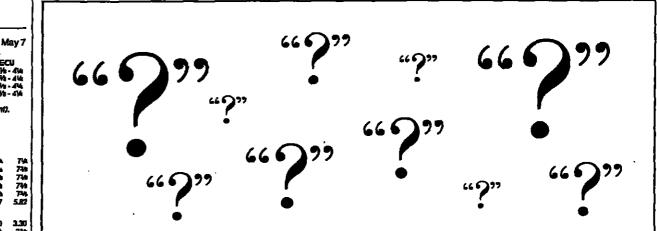
Although the exclusivity clauses pre-

viously existed, a Pepsi spokesman said, Coca-Cola has recently increased its enforcement of them.

CURRENCY & INTEREST RATES

Libid-Libor Rates

F.F. Lim D.F. B.F. S.F. Year CS 1,238 b.1145" — 5.45, 5.25, 1.258 1.641" 1.355 1.552 2.091" 18.2075 — 24.78 0.2739 2.258 1.641" 1.355 1.352 0.1014" 1.355 1.254 0.1014 1.355 1.254 1.357 1.326" 1.254 1.357 1.326" 1.254 1.357 1.326 1.255 1.357 1.326 1.357 1.326 1.358 1.357 1.361 1.358 1.357 1.361 **Key Money Rates** 5,06 Yield 5,09 5,40 5,55 5,60 5,72 5,67 5,95 3.30 374 374 374 314 314 5.06 Per \$
8,473
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39.86
3.36
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6.136
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1.6252 307.66 7.7488 209.39 39.77 9500.0 0.7023 3.6904 0.3051 3.8652 Per 5 0.9999 1.5746 12.398 1.1446 8.2782 32.48 6.7179 3.41 5.351 0.50 0.39 0.60 0.65 0.67 1.63 Japan Discoo 298.35 --2.50 298.10 --2.90 259.40 --2.00 131.26 131.82 Lenden New York 460مر. 1,4378 1,7542



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1997	F M A M 1998 :	1997	F M A	1998
Exchange	Index	Thursday .	Prev. Close	% Change
U.S.	The Dow	8976.68		
u.s.	S&P 500	1095.14	1104.92	-0.89
U.S	S&P 100	529.00	534.39	-1.01
U.S.	NYSE Composite	570.22	574.57	-0.76
U.S.	Nasdaq Composite	e 1835.14	1856.68	
U.S.	AMEX Composite	742.25	743.83	0.15
Toronto	TSE Index	7614.60	7678,70	-0.83
São Paulo	Bovespa .	11147,41	11481,88	291
Mexico City	Bolsa.	4928.15		
Buenos Aires	: Merval	691.59	701.59	1/43
Santiago	IPSA General	4554.91	4548.76	+0.14

Very briefly:

Capital General

• America Online Inc. earned \$18.6 million in the third quarter ended March 31, reversing a loss of \$4.7 million a year ago as revenue rose 54 percent, to \$693.6 million. The Internet service and content provider added 1.1 million subscribers for a total of 12 million and cut its marketing expenses to \$84.2 million from \$92.8 million in the quarter.

6259.71 6208.06 40.83

 AT&T Corp. introduced a plan that gives wireless tele-phone users a fixed price for all U.S. calls, eliminating charges for long distance and "roaming" out of a specific area.

 US West Communications Group will sell long-distance phone services provided by Qwest Communications International Inc. as part of a marketing agreement covering U S West's 14-state territory and its 25 million subscribers.

 Chase Manhattan Corp. agreed to buy Morgan Stanley rates immediately," said John Mc-Dean Witter & Co.'s custody and clearing business for about at ING Baring Capital Markets. "The market finally got the message." \$600 million to improve profits in the low-margin business of processing trades and keeping track of investors' holdings.

• The United States will file complaints with the World ster the mark by giving a better return on mark-denominated deposits. Trade Organization and North American Free Trade Association against Mexico's imposition of punitive import duties on U.S. corn syrup.

might sell dollars to bolster its cur-Microsoft Asks End to Software Curb

WASHINGTON - Microsoft Corp. asked a federal appeals court Thursday to lift restrictions on the sale of Windows 98 to computer makers. Pressed for time, the company asked for a court ruling by next Friday.
In a motion filed in the U.S. Court of Appeals in Wash-

sell the equities often convert their ington, Microsoft said restrictions that a federal judge placed yen proceeds into other currencies. because of antitrust concerns on the sale of Windows 95 "or French francs from 5.9175 francs but any successor thereof" were "plainly improper." Microsoft plans to offer the software to computer makers slipped to 1,4730 Swiss francs from

next Friday and wants to offer it at retail June 25. The operating system runs nearly all home computers.

Dollar Gains Awaiting Jobs Report, Wall Street Slumps On Altered

NEW YORK - Stocks fell

Rate Outlook Thursday as investors braced for a U.S. unemployment report Friday that could show enough economic strength to prompt the Federal Re-NEW YORK - The dollar rose serve Board to raise interest rates.

Bloomberg News

interest rates in the near future.

rency in January need not start right

drop in German industrial production

in March also led traders to conclude

end of year." said Marc Chandler,

senior currency strategist at Deut-

FOREIGN EXCHANGE

sche Morgan Grenfell, "but there's

no need to change rates now. In-

flation is nonexistent, and the latest data have been on the soft side."
The dollar rose to 1.7665 DM in 4

P.M. trading from 1.7651 DM on

Wednesday. In Germany, other Bundesbank officials suggested

they were in no rush to raise the

benchmark securities repurchase

chief economist and a nominee to

the board of the European Central

Bank, said the new bank would not

sacrifice "growth or employment"

for the sake of price stability. In-

terest rate increases can rein in

growth and make it harder for Euro-

ing to say there's no reason to raise

Carthy, manager of foreign exchange

Higher German rates would bol-

In other trading, the dollar also edged upward to 133.300 yen from

133.175 yen amid concern Tokyo

rency. Traders were concerned

about intervention after the yen

dropped along with Asian stocks

Plunging Japanese stocks hurt the

n because overseas investors who

The dollar also rose to 5.9270

1.4731 francs. The pound fell to

and other currencies.

\$1.6485 from \$1.6585.

'German officials have been try-

an countries to create jobs.

Otmar Issing, the central bank's

rate, now at 3.30 percent.

Germany will raise rates by the

no rate increase was imminent.

The Dow Jones industrial averslightly against the Deutsche mark age closed 77.97 points lower at Thursday after the president of the Bundesbank, Hans Tietmeyer, quelled 8,976.68, while the Standard & speculation that Germany would raise Poor's 500 index fell 9.78 point to 1,095.14. Declining issues out-Bridging the gap between rates in numbered advancing ones by a 2-Germany and the 10 other countries to-1 ratio on the New York Stock that will adopt Europe's single cur-

Investors speculated that the govaway, Mr. Tietmeyer said in Rome. emment report on monthly employ-A report showing an unexpected ment Friday would show an expanding job market, increasing the likelihood of higher borrowing costs for consumers and businesses.

People are focused on the emsolovment number." said Michelle Laughlin, a bond strategist at Prudential Securities Inc. "It could lead to concern the Fed will take action sooner rather than later."

That concern also beld back Treasury bond prices. The bench-

102 15/32, taking the yield up to no clues about where interest rates 5.95 percent from 5.94 percent were headed when he addressed an Wednesday.

Stock and bond investors also were discouraged by government data Thursday that showed that productivity of U.S. workers in the first

U.S. STOCKS

quarter increased at the slowest rate since the third quarter of 1996. Unit labor costs, meanwhile, rose 3.8 percent the biggest increase since that same 1996 quarter.

Slower productivity suggests inflation may speed up because technological gains are bearing less of the burden of keeping costs in check in a buoyant economy.

Productivity has been one of the special factors that the Fed has looked at countering inflation a bit." said Dan Seto, economist at Nikko Securities Co. International. It looks like in this quarter, that factor is fading.'

Alan Greenspan, the chairman of

mark 30-year issue fell 4/32 point to the Federal Reserve Board, offered international banking conference in Chicago.

Chrysler was the most actively traded stock, rising 41/4 to 53 1/16 after agreeing to be acquired by Daimler-Benz AG of Germany in a

stock swap. Walt Disney fell 5 3/16 to 119 to drag down the blue-chips. Disney dropped after an analyst at Goldman, Sachs & Co. lowered his earnings estimate for the company because it was paying too much for rights to sporting events and had not released any blockbuster movies recently.

Mellon Bank fell 6 to 72 as investors took profit from a 10 percent gain Wednesday. The gain was fed by rumors that the bank, which has been fending off a hostile takeover bid by Bank of New York, was discussing a deal with Chase Manhattan. Bank of New York has offered stock now worth \$81 a share

Philip Services fell 1 7/16 to 6 1/

16 after the Canadian metals and industrial services company announced a management shuffle and posted a first-quarter loss. AT&T fell 1 11/16 to 57% after it Shell Cites

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17.85%

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introduced a wireless phone service. that offers callers a fixed price anywhere in the United States. Computer Learning Centers rose

13/16 to 161/4 after the computertraining company said the Illinois Board of Education had let the company's Schaumburg, Illinois, school resume marketing and enrollment activity, about a month after it placed the center under review.

SciClone Pharmaceuticals rose 29/32 to 41/4 after the company said a study by the National Institutes of Health said Zadaxin may decrease the formation of lung tumors.

Cubist Pharmaceuticals rose 11/4 to 5 11/16 after the company expanded a joint drug development program with Merck. The deal will provide Cubist with additional research funding, as well as potential milestone and royalty payments.
(Bloomberg, AP)

Greenspan Calls Law a 'Mistake'

NEW YORK — The Glass-Steagall legislation that separates the American banking and securities industries "was a mistake to begin with," Alan Greenspan, chairman of the Federal Reserve Board, said Thursday, but he added that he did not support banks' directly owning other kinds of companies.

Addressing a conference of the Federal Reserve Bank of Chicago, Mr. Greenspan said the banking issue pitted the Fed and the Securities and Exchange Commission, which generally want to expand the ability of banks to provide other financial services, against "the Treasury and its associated groups." A big part of the dispute is whether banks should be allowed to own

other kinds of companies.

Because the banks benefit from government deposit insurance, Mr. Greenspan said, they can raise capital from the stock and bond markets more efficiently than other kinds of companies. Thus, "any self-re-specting banker" would opt to make securities operations subsidiaries of the insured bank rather than an uninsured holding company, he said.

Compaq to Slash Jobs at Digital

By Laurence Zuckerman New York Times Service

NEW YORK -

Compaq Computer Corp. will cut 15,000 jobs, or 28 percent of Digital Equipment Corp.'s work force after Compaq completes its acquisition of Digital this year, an executive at one of the computer makers said.

The cuts, which have been expected since Compaq agreed in January to buy Digital for \$9.6 billion in cash and stock, will cost between \$1.5 billion and \$2 billion, according to a doc-ument filed Wednesday by Digital with the Securities and Exchange Commission. If completed, the merger would

be the largest in the history of the computer industry. Despite estimating the cost of the layoffs, neither company would confirm the elimination of 15,000 jobs. Even so, the executive, who requested anonymity, said, "It's a

The expected cuts, which would



NEW MACINTOSH — Steve Jobs, Apple's interim chief, unveiling the iMac computer in California. It combines processing components and monitor in one unit and will cost \$1,299.

have been a devastating blow as about 25,000 of Digital's 53,500 emrecently as five years ago, aroused ployees, as well as some other dilittle concern in Massachusetts, where Digital has its headquarters.

unemployment to 3.7 percent from percent seven years ago.

it," David Tibbetts, the state's director of economic development Wednesday "Many high-tech companies are salivating for those workers.'

Compaq based in Houston, is the world's largest maker of personal computers and is aiming to become a supplier of a full range of computers, from PCs to the powerful systems that companies use to run their businesses. Compaq is buying Digital. once a leading computer maker that stumbled in the PC era, primarily to acquire its services arm and sales force.

Dan Kaferie, spokesman for Digital, said that the services division, which employs

visions, would continue to be based in Massachusetts after the merger. A high-tech boom in the state has cut But he and Rebecca Nahas, a Compaq spokeswoman, declined to say where the anticipated cuts would be If ever there was a time to be made until after the deal is closed.

LIGHT SWEET CRUDE (NMER)
1.000 bbt - dollors per bbt
Jun 98 15.68 15.20 15.24 -0.13
Jun 98 16.31 15.91 15.94 -0.17
Jun 98 16.31 15.91 15.94 -0.17
Sag 98 16.70 16.37 16.29 -0.17
Sag 98 17.00 16.73 16.74 -0.17
Sag 98 17.10 16.73 16.74 -0.19
Nov 98 17.10 17.17 17.17 -0.09
Est. voles N.A. Wod's sales 130.639
Wod's open int 462.005 up 658

Wed: open int 244.818, up 6.556

UNLEADED GASOLINE (NMER)
42.000 gal, certs per gal
jun 19 51.05 51.50 51.19 4
Aug 98 54.10 52.80 51.19 4
Aug 98 54.50 52.50 51.71 4
Exp 19 51.95 51.70 51.71 4
Oct 98 51.80 51.70 51.71 4
Dec 98 51.90 51.43 51.51 4
Dec 98 51.90 51.43 51.53 51.59 4
Ext. soles N.A. Wedts soles 34.508
Wedts open int 109.790, up 494

GASOIL (I PE)
U.S. dollars per motric fon - lofs of 100 bars
Jun 98 14,70 14.58 14.44 - 0.67 49,107
Jun 98 15.74 14.59 14.96 -0.47 55.008
Jun 98 15.74 15.20 15.31 -0.26 25.265
Sep 98 15.44 15.20 15.31 -0.26 25.265
Sep 98 15.46 15.20 15.57 -0.37 18.152
Nov98 15.46 15.23 15.77 -0.37 18.152
Nov98 16.00 15.90 15.94 -0.30 11.296
Ert. soles: 97.500 . Prov. soles: SCLOOD
Prec. open int.: 238.607 off 35.545

The third is a 1,000 barrels 14,90 14,44 14,47 -0.02 47,331 14,55 -14,57 -0.19 62,681 15.09 15,50 -0.11 27,034 15,40 15,33 15,34 -0.11 13,026 15,67 15,56 -0.11 16,170 61,600 Prov sales 42,099 int 244,984 up 5,215

AMEX

Thursday's 4 P.M. Close The 300 most traded stacks of the day, up to the closing on Wall Street. ---

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U. S. STOCK MARKET DIARY

8 55% 1 33 7 72% 377% 377% 257 257 267 277% 117 CORN (CBOT)
5,000 bu minimum
May 98, 254/s.
Jul 98 263/s.
Sep 98 269
Dac 78 274/s.
May 99 286
May 99 286
Jul 99 2901/s.
Est, soles N.A. Wells open Int 360 11198 Low Lord 743.76 741.40 742.25 (Cla. Approved Decrees Compressions Total resurs New Hight New Lines (Aarket Sales **AMEX** 1000000 12 5-13 5-15 5-16 12 5 STOCK SPLIT DeVry Inc 2 for 1 sp8t. Ducommun Inc 3 for 2 sp8t. Jones Apparel 2 for 1 sp8t Lindsoy Mig 3 for 2 sp8t. OCharleys Inc 3 for 2 sp8t. HDGS-Land (CMER)
40.000 bb - crebs per lb.
Jun 99 60.07 60.27 60.85
Jun 98 60.07 60.15 60.85
Acq 98 51.96 51.45 51.47
Dec 98 54.20 54.05 54.10
Dec 98 54.20 54.05 54.10
Dec 98 64.20 54.05 54.10
Ext. solet. 6.170 Wheth solets 1.666
Weed's open left 33.725, up 528

INTERNATIONAL FUTURES

HI GRADE COPPER (NCMX)
25.001 lbs.- cents per lb.

May 98 81.05 78.90 78.90
Jul 98 82.40 79.50 79.55
Jul 98 82.40 79.50 79.55
Sep 98 81.80 79.30 79.40
Nov 98 80.95 79.45 79.30
Doc 98 81.30 79.30 79.35
Jon 99 80.95 79.35 79.35
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1 592.80 583.90 597.80 +5.70
599.50 585.90 597.50 +5.70
697.90 586.90 597.50 +5.70
697.90 586.90 680.90 +6.20
697.90 586.90 680.90 +6.20
599.10 68.20 599.90 +6.20 WHEAT (CBOT)
5.000 bo spiningsh-cents per bothel
May 98 209 302 205-4
Jul 98 221 317: 316
Sep 98 229: 322 3241;
Det 98 143 11519 2080
Est 2089 NA. Wod's sales 38.849
Wed's open an 113.705, off 2.728

High Low Clase Chge

PORK BELLIES (CMER)

COCOA (NCSE)
10 metric tons 5 por lost
May 98 1725 1718 1725
Aut 98 1725 1715 1725
Scp 98 1752 1733 1727
Doc 98 1752 1733 1727
Doc 98 1752 1743 1733 ur
Aug 99 1802 1797 1793 ur
Aug 99 1817 1811 1811 ur
Est sales 10,713 Wards sales 9,853
Werd's Open int 74,704, up 1,196

SUGARWORLD 11 (NCSE) 112,000 lbs. creats per lb. Jul 99 922 899 9 Oct 99 928 925 9 Mary 90 982 945 9 Mary 90 989 949 9

Est tales N.A. Wed's roles 2.141 Wad's open int 3.13. Of 1,044 5 YR TREASURY (CBOT) \$100,000 prin ph & 44ths of 100 pc? Jun 99 109-10 108-62 109-05 unch. 258,240 569 98 109-06 109-05 109-05 - 01 9,840 Est tales N.A. Wed's soles 77,248 Wed's open int 288,780, off 919

Week open all \$41.443, up 4.215

US TREASURY BOND'S (CBOT)

B pct-\$100.000 pb; & Endro of 100 pct)
Jun 98 120-20 120 03 120-11 unch 488 005

Sep 99 120-20 110-28 120-03 unch 102.644

Doc 98 110-25 unch 102.645

Doc 98 110-25 unch 102.65

Ed tolor N.A. Kindro soles 405.077

Week open and 872.664, up 11.121

LONG GALT (LIFFE)

CS0.000 pb; & 372.043 of 100 pct
Ann 98 108-77 109-06 100 08 -0 17 272.044

Ed tolor 60.474 Prev solen 50.180

Prev open and 272.642 pro 15.669

GERMAN GOVER BURN D. LEED.

Wed's open ini 42,644 up 1,359

EURODOLLAS (CAMER)
51 million-pls of 160 pd.

May 98 94,37 94,27 94,21 up
Jul 98 94,28 94,27 94,22 un
Jul 98 94,29 94,25 94,27 un
Dec 98 94,27 94,18 94,22 94,21 un
Jul 99 94,19 94,19 94,19 40,19 10,19

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CANADIAN DOLLAR (CMER)

100.000 dollar, 5 per Cm. dr.

Jan 98 .-962 693 6901-0 0004 52.745

Sep 98 699 .6955 6994-0 0004 1.562

Ext adies N A Wold's sules 5,708

Work's open int 57,375 off 972 Who's open int 95.375 off 972

GERMAN MARK (CMER)
125,000 morks 5 per mork
100 79 5673 5673 5671 -0 0007 141,186
5cp 78 5715 5970 5684 -0 0007 142,186
10c 78 5735 5770 5984 -0 0007 145,
145 taskes N.A. Wech soles 72,188
Wech open mit 145,155, 19 7,455

JAPANESE YEN (CAER)
12.5 million von. 5 per 100 von.
100 79 7574 7544 -0.0008 185,568
10c 78 7444 -0.0008 12,268
10c 78 7444 -0.0008

First Safet N.A. Wind's soles 1.182
Wind's open 4il 19,190 p. 985

J-MONTH STERLING (LIPFE)
CSQ.000 - pt. of 100 pci
1.00 pc. 97 550 pc. 986 pc. 986 pc. 98 pc. 98

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FTSE 100 (LIFFE)

CAC 48 (MATIF)
FF200 per Index point
May 98 3728 0 2881.0 3891.9
Jun 98 370100 3849.0 3871.5
Jun 98 103.36 103.08 103.10 –
E.d. salors: 89,797
Open int : 84,058 off 2,159.

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Arts and Antiques

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LONDON -- Royal Dutch/Shell Group said Thursday that low oil prices pushed its first-quarter profit down 27 percent, to \$1.70 billion.

The net income for the first three months of 1998 compared with earnings of \$2.31 billion a year earlier, Royal Dutch/Shell said. The figures are based on the current cost of oil inventories.

Low oil prices held back Shell's earnings from exploration and production, while profit from selling refined fuels was flat, the company said, and a mild winter hurt the British-Dutch company's sales of

natural gas. Revenue for the quarter tumbled to \$35.9 billion from \$44.69 billion a year earlier.

Like other oil producers, Royal Dutch/Shell felt the pain of the weakest crude oil market in years.

Overproduction by the Organization of Petroleum Exporting Countries, a mild winter in Western Europe and the Northeastern United States as well as the Asian economic crisis combined to hold back growth

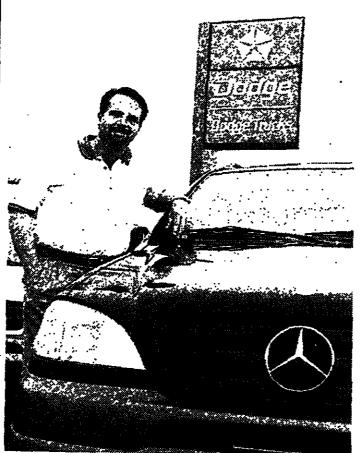
in demand. The average price of North Sea Brent crude oil was \$14.05 a barrel during the first quarter, about \$7 lower than a year earlier, Royal

Dutch/Shell said. ures as marking a turning point in the fortunes of the company, which has been trying to cut costs and improve efficiency and whose stock has underperformed that of rivals such as Exxon Corp. and British

Petroleum Co. We hope it is the start of a new shapter for Shell," said John Toal-troubles will be "far and away" the ster, an analyst with SG Securities, central focus, Treasury Secretary who raised his recommendation on Robert Rubin said Thursday. the stock to "outperform" from

Shares in the British arm, Shell Transport & Trading Co., closed up ident Boris Yeltsin of Russia start-3.25 pence at 452.25 (\$7.50) in Loning May 15 in Birmingham, Engdon. In Amsterdam, Royal Dutch land, shares eased 0.50 guilder to 133.30 Jan

The group is owned 60 percent by Royal Dutch and 40 percent by Shell



STAR-STUDDED DEAL - Paul Devers of Vin Devers Inc. in Sylvania, Ohio, with a Mercedes at one of the few Dodge and Mercedes-Benz car dealerships in the United States.

Japan's Troubles to Dominate But some analysts hailed the fig- G-7 Finance Talks, Rubin Says

WASHINGTON --- When the finance ministers and central bank steps announced by Tokyo. governors from the Group of Seven leading industrialized countries discuss their economies at a meeting reforms and openness in Japan Friday in London, Japan and its central focus, Treasury Secretary

Mr. Rubin said the finance talks would lay the groundwork for the meeting of the G-7 leaders and Pres- and the Asian crisis and then address

made the rounds in Washington recently, trying to explain how they plan to rescue the world's second-(AP, Reuters) largest economy from the brink of process.

disaster and saying that the United States has vastly underestimated

Nonetheless, U.S. officials continue to crusade for more economic The G-7 groups Britain, Canada, France, Germany, Italy, Japan and

the United States. Mr. Rubin said the talks also would cover developments in Euroand the Asian crisis and then address proposals to revamp the international architecture for detecting and deal-

ing with cross-border economic Japanese officials have already crises. Mr. Rubin has said repeatedly that revamping the global financial system to take into account structural changes in markets is a long-term (Bridge News, Reuters)

Europe's Arms Industry To Face New Pressure

Daimler-Chrysler Tie Could Speed Reshuffle

PARIS - Daimler-Benz AG's plan to take over Chrysler Corp. will bring an American presence into Europe's Airbus Industrie and may speed up a reshuffling of assets as part of a planned European aerospace overhaul, analysis said Thursday.

Daimler-Chrysler would have a voice in the Airbus Industrie consortium through the 37.9 percent stake held by Daimler-Benz Aerospace AG, which is also a key player in the efforts to reorganize Europe's aviation and defense industries. Europe is trying to con-solidate its industry in the face of competition from American conglomerates such as Boeing Co. and Lockheed Martin Corp.

Chrysler's presence on the Daimler board could mean the approach to the restructuring would be more financially than industrially oriented," an analyst at a French

brokerage said. Daimler-Benz Aerospace is negotiating with its Airbus partners to son-CSF and Alcatel Alsthom SA is transform the partnership into a jointstock company next year as a prelude

to an eventual stock flotation. Daimler has set a goal of a 12 percent return on equity for its businesses, and Daimler-Benz Aerospace

Deutsche Bank Posts Profit Rise

Compiled by Our Staff From Dopon has FRANKFURT - Deutsche Bank AG reported a 40 percent increase in first-quarter pretax

profit Thursday, helped by gains in the capital markets. But the bank's chief executive, Rolf Breuer, said it would be "premature" to extrapolate the "pleasing interim results"

for all of 1998. Deutsche Bank's profit rose to 1.81 billion Deutsche marks (\$1.02 billion) in the period from 1.29 billion DM a year earlier.

Mr. Breuer said the quarterly results were characterized by favorable developments on the capital markets, which led to a rise in trading and commission (Reuters, AFX)

has historically been a drag on the group's profitability with its losses on regional aircraft and helicopters. Philippe Mouton, an analyst at Societe Generale, said the Chrysler takeover would tend to marginalize Daimler's aerospace activities by adding to its auto sales but said it was unlikely Daimler would abandon the business after pursuing growth and

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cooperative deals for years. Daimler-Benz Aerospace has built up relationships with Aerospatiale of France and British Aerospace PLC in the fields of civilian and military aircraft and with Rolls-Royce PLC in the MTU aircraft-engine business.

It is also a partner in the MMS satellite joint venture between Lagardere SA and General Electric Co. of Britain and the Dynamics missile venture of Matra SA, and British Aerospace owns a 30 percent stake in its LFK unit. A merger between MMS and a new satellite company being created by Thornone of the restructuring plans that

could be envisaged, a banker said. Daimler's chief executive, Juergen Schrempp, is happy with the aerospace unit, which he says is doing well, Peter Caldwell, an analyst at Nikko Europe, said after Mr. Schrempp talked to analysts in London. He said Mr. Schrempp had said there were technology overlaps between cars and aerospace and quoted him as saying, "The stories of disposals are probably kite-flying by people who want to buy them."

Daimler would not self off its

nonautomotive units as part of the Chrysler transaction, and any shareprice speculation based on that prospect would be doomed to failure, Mr. Schrempp said at a news briefing in London on Thursday.

An aerospace executive said: "Aerospace may not have the margins of the auto industry, but it is a high-tech business, which is part of the strategic defense sector of a nation. It gives you clout at the upper

reaches of politics."

Mr. Caldwell said Chrysler's entry into Daimler should not change the balance of power among the German company's main European partners, Aerospatiale and British Aerospace, as the move should not affect their access to markets or technology

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Frankfurt	DAX .	5,186.23	5,229,80	-0.83	
Copenhagen	Stock Market	731,50	743.31	-1.59	
Helsinki .	HEX General	4,909.38	4,974.19	-1.30	
Osio	OBX	739.82	757.78	-237	
London	FTSE 100	5,938.00	5,992.40	-0.91	
Madrid	Stock Exchange	852,04	870.58	-2.13	
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Paris.	CAC 40	3,906.36	3,947,45	-1.04	
Stockholm	SX 16	4,084.54	4,107.56	-0.56	
Vienna	ATX	1,546.86	1,554,16	-0.47	
Zurich	SPI	4,739.35	4,779,91	-0.85	

Very briefly:

· Royal Bank of Scotland PLC's net income for the six months that ended March 31 rose a better-than-expected 39 percent, to £276 million (\$457.7 million), as strong lending growth in Britain offset heavy provisions for Asian loans.

• Ford Werke AG, the German unit of Ford Motor Co., plans to introduce extra shifts at its plant in Cologne in response to high demand for its Puma and Fiesta models.

 Adidas-Salomon AG, a German sporting-goods maker. said first-quarter profit rose 14 percent, to 190 million Deutsche marks (\$107.6 million) as it gained ground in the three-way rivalry for the North American sneaker market from Nike Inc. and Reebok International Inc.

European Union industry ministers agreed to end operating aid to the EU's shipbuilding sector after 2000. Under current rules, governments can grant their shipyards subsidies of as much as 9 percent of a ship's contract value.

· Investor AB of Sweden detailed terms of the flotation of the aerospace and defense group Saab AB, in which Investor holds a major stake, and said it was offering its shareholders options entitling them to 44.8 percent of Saab.

• Russia's State Committee for Statistics said gross domestic product grew 0.1 percent in March. The committee also said it was recalculating January and February figures and estimated that GDP was unchanged in the first quarter.

• Philipp Holzmann AG, Germany's largest builder, took an extra charge of 700 million DM in 1997 to cover real-estate depreciation costs, leaving the company with a wider loss for the year than the 250 million DM it estimated in February. It will report final figures next month.

• Novartis AG, the world's largest health-care company, will achieve double-digit profit growth this year, its chief ex-ecutive, Daniel Vasella, said, although sales are likely to grow by less than 10 percent. Bloomberg. Reuters. AFP

WORLD STOCK MARKETS

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CARESSING THE DAMASK COVERLET

he reflected misty-eyed on times past. Fifty years it had been since he had slept with his beloved wife in this very same suite. It had been their wedding night. How he wished she were there now. Half a century ago, and yet it seemed like yesterday. Tears

sprang unbidden as recollections of their honeymoon, fresh as the Orchids on the bedside table, bloomed in his memory. The scent and soft colours of the room captured his reminiscences causing time to stand still. A gentle knock at the door roused him from

his reverie. Opening it, he found a Bell Boy laden with shiny

Thursday's 4 P.M. Close The 2,600 most traded stocks of the day. prices not reflecting late trades elsew

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not that late! chirruped a voice in the corridor. And in skipped the lady in question, as girlishly as she had some fifty years before.

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HELDER FOR A SERVICE AND A SER

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Strife in Indonesia Could Delay a Debt Deal

By Michael Richardson

SINGAPORE - Indonesia's increasing political and economic trou-bles will delay resolution of one of its most pressing problems - the restructuring of about \$80 billion in foreign debt owed by Indonesian companies - analysts said Thursday.

Representatives of Indonesian debtors and the international banks that have lent them money will meet in Tokyo from Friday to Sunday to try to work out a deal to reschedule payments. Such a deal would help get credit and trade moving again in the world's fourth most populous nation and restore investor confidence.

But economists said market fears of rising violence in Indonesia that caused a further sharp fall in the value of the rupiah Thursday would complicate negotiations. The dollar rose to about 10,000 rupiah, up 10 percent from Wednesday's close, before settling eign debts. The Indonesian central back to close in Asia at 9,500 rupiah bank said last month that of the \$80.2 after the central bank raised interest billion owed by companies, \$8.9 bil-

rates by about 7.5 percentage points.
"Social unrest will make the bankers cautious," said Raymond Lim, chief economist at ABN-AMRO Asia Securities Pte. "They will want to see whether President Suharto can

hold the line on the IMF program."
The International Monetary Fund last month signed an agreement with Jakarta under which the government must implement a round of economic reforms in exchange for emergency loans of about \$43 billion.

Two previous agreements with Jakarta were aborted after Indonesia failed to honor their terms. Bankers are concerned that if the new agreement fails to strengthen the rupiah, Mr. Suharto may seek to defuse widespread anti-government anger by pre-

maturely easing austerity measures.
The rupiah has fallen more than 70 percent against the dollar since July. leaving many Indonesian companies unable or unwilling to pay their for-

lion was owed by private banks and \$58.79 billion by other corporations.
Some analysts said Indonesian companies would use the unrest and looming recession in Indonesia as leverage to try to gain major concessions from creditor banks, includ-ing large-scale debt forgiveness.

Aburizal Bakrie, chairman of the Indonesian Chamber of Commerce and Industry, said recently that he expected foreign lenders to grant an average 30 percent to 40 percent reduction in Indonesia's debt.

David Roche, managing director of Independent Strategy, a global invest-ment research consultancy based in London, said banks with loans outstanding in Indonesia would eventually have to write off as much as 80

percent of the loans.
"Of course, they will avoid telling you this at any cost," he said. "But in real terms, by the time they get paid, it should get more. They made bad loans. They knew what the risks were, or if

they didn't, they weren't competent." Analysis estimate that Japanese banks account for as much as 40 percent of the foreign lending to Indonesian firms. Other major creditors are German, U.S., French, South Korean,

Hong Kong and Singapore banks.

Although the debt is spread among more than 1,000 companies, some Indonesian economists say that about 50 of the largest business groups nearly all of which have close ties to Mr. Suharto's government - account for most of the money owed.

"Private-sector debt write-offs and rescheduling on a massive scale are inevitable eventually," Dresdner Kleinwort Benson research, a unit of Germany's Dresdner Bank, advised clients in a recent memo on Indonesia. But it will take months, at the very least, to negotiate and will be impossible while today's political uncertainty prevails. Without write-downs, won't be more than 20 or 30 cents in the there can only be massive defaults dollar. Frankly, there is no reason they even in the unlikely event that the rupiah recovers to 5,000 to a U.S.

Sony Gets a Lift

From Box Office

The Associated Press

Thursday its earnings rose 59

percent in its latest year, partly on

a strong showing at the box office

and increased sales of its Play-

profit would decline in the current

year, partly because of an expec-

ended March 31 was 222.07 bil-

lion yen (\$1.67 billion), up from

139.46 billion yen a year earlier. Sales climbed 19.3 percent, to

The success of movies such as

"Men in Black" and "Air Force

One" and of television's "Sein-

feld" helped raise revenue at the

Sony Pictures unit by 47 percent,

Sony sold 19 million PlaySta-

tions during the year, more than

double the previous year's total.

Overall, sales in the game di-

vision rose 72 percent, to 722.56

Sony's movie and game di-

visions showed the fastest

growth rates, but the company

still earned most of its revenue

from consumer electronics. Sales

in that division rose 13.5 percent,

to 4.69 trillion yen.

6.76 trillion yen.

to 643.16 billion yen.

billion yen.

ted slowdown in sales in Asia.

But the company forecast that

Sony's net profit for the year

Station video-game machine.

TOKYO - Sony Corp. said

Warning For China's Economy

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SYDNEY — China's economy faces massive problems, with its financial system at risk as weak Asian currencies threaten export growth, the chief economist of the country's central bank said in a paper delivered on his behalf at a conference here Thursday.

"The government has very good reasons to worry about the problems in the economy and the effects they may cause if not dealt with prop-erly," wrote Yi Gang, chief economist of the People's Bank of China.

Mr. Yi was not at the conference, although he was listed on the program as the speaker. Organizers said he had been unable to get to the Source: Telekurs conference.

China, the only large econ-

omy in the region that is still posting high growth rates, has so far escaped most effects of the financial crisis in East Asia, but Mr. Yi said it had "sounded an alarm" to policymakers. While tight economic policies have slowed its economy, he said, China is being undercut on the price front by Southeast Asian countries, making its exports less attract-

ive on the world market. Problems facing Beijing include a slowdown in demand, rising real interest rates, soaring unemployment, loss of competitiveness and bad loans, Mr. Yi said.

In the first quarter of 1998, China's exports grew 13.2 percent, but its exports to Asia increased just 4.2 percent over the same period the previous year.

■ Jiang Is Confident

China does not fear export competition from Southeast Asian countries whose currencies have crumbled in the regional financial crisis, President Jiang Zemin said, according to a Reuters dispatch from Beijing.
Mr. Jiang said China's

not had a profound impact on our export ability.'

Investor's Asia Singapore Straits Times Hong Kong Tokyo Hang Seng Nikkei 225 13000 11000/ 1600 16400 10000 1400 15800 9000 8000 _D Exchange Index Friday Prev. Change Hong Kong Hang Seng 9,971,93 10,109.14 -1,36 · Straits Times 1.428.50 1.448.40 -1.37 Sydney All Ordinaries 2,780.80 2,788.00 -0.26 Nildkei 225 Toloro 75,143.03 15,243.80 -0.66 Kuala Lumpur Composite 584.62 +0.30 Bangkok SET 393,95 393.36 +0.15 Seoul -Composite Index 379.47 +0.96 376.23 Stock Market Index 8,290.37 8,325.64. -0,42 Taipei PSE 2.189.97 2.211.13 -0.96 da kerte Composite Index 4,36,778 4,14,525 +5.34 Welthoton NZSE-40 2,220,55 2,211.13 +0.48 Sensitive index Closed 4,069.79

Very briefly:

• Softbank Corp.'s group net profit rose 13 percent for the year, to 10.31 billion yen (\$77.4 million), as earnings from U.S. acquisitions such as the publisher Ziff-Davis Inc. offset sluggish domestic software sales.

• Australia's 1,400 laid-off dockers returned to work, ending a monthlong waterfront dispute that had held up 500 million Australian dollars (\$319 million) of cargo.

• Taiwan may need to turn to mainland Chinese workers to help rid its 1 million small and medium-sized companies of the "year 2000" problem, "an industrial leader said.

• Honda Motor Co. signed a \$200 million agreement to build and sell its Accord model in China. • Industrial Bank of Japan Ltd., Long-Term Credit Bank of Japan Ltd. and Nippon Credit Bank Ltd. will cut their long-term lending rates by 0.2 percentage points, to 2.4 percent, effective Friday.

• Volvo AB will buy 90 percent of Samsung Heavy Industries Co.'s construction unit for \$572 million as part of a plan by the Swedish company that would create the world's third-largest heavy-equipment company.

• Vietnam officially named Deputy Prime Minister Nguyen Tan Dung to head its central bank in a move to shore up its fragile banking sector. Reuters, AP, AFP. Bloomberg

'Titanic' Buoys News Corp.'s Profit

SYDNEY - News Corp. reaped the rewards of sticking with the most expensive movie ever made, reporting a 24 percent increase Thursday in its third-quarter net profit,

A pretax profit of 212 million Australian dollars (\$135.3 million) on "Titanic," made by its Twentieth Century-Fox Film first-quarter trade figures in-dicated that the crisis "has in the quarter that ended March 31. But sluggish newspaper earnings and questions about further profit growth helped cause News Corp.'s shares to fall 17 cents, closing at 10.63 dollars.

Critics Pan Chaebol Restructuring

By Don Kirk

SEOUL - Three of South Korea's five largest industrial groups announced restructuring plans Thursday, but the proposals drew more criticism than cheers from financial analysts.

Hyundai Corp., LG Group and SK Group, the country's largest, fourthlargest and fifth-largest conglomerates, said they were seeking a total of \$20 billion in foreign investment while drastically cutting down their

sprawling groups.
"It's window dressing," said Richard Samuelson, manager of the SBC Warburg investment office here. They're talking about merging affiliates with affiliates and forming bigger affiliates; so all you change is the name plaque on the door."

The three conglomerates, or chaebol, announced restructuring plans a largest chaebol in terms of assets, said it was looking for \$5 billion in foreign just making announcements. investment while downsizing to several "core" fields.

A number of other chaebol were mands for point-by-point proposals to cut back on hundreds of billions of and petrochemicals. dollars in debts that have plunged the economy into crisis since last fall.

TOYS:

Hyundai said it would seek \$8.5 but had not carried it out after an initial billion in foreign investment, while LG and SK set their sights on \$6.5

billion and \$5 billion, respectively. The International Monetary Fund demanded that the chaebol get rid of unprofitable entities when it put together a nearly \$60 billion rescue package in December.

Analysis cited the failure of the chaebol to produce significant restructuring plans as one factor behind the decline of the South Korean stock market the last two weeks. The market's main index closed Thursday at 379.47, up 3.24 points from the day before, but it has generally been on a downward slide, partly spurred by labor unrest.

They didn't do anything, did they?" said Dan Harwood, regional director of ABN-AMRO Asia Ltd., when asked his view of the restructuring plans. "It's nothing as far as I'm day after Samsung Co., the second- concerned. It's just reiterating what everybody already knows. They're

As the central point of Hyundai's restructuring, a spokesman, Lee Yong Gil, cited a plan to separate nine subexpected to announce plans soon in sidiary companies from "core" response to the government's de- companies including construction, motor vehicles, shipbuilding, finance

> He conceded that Hyundai announced a similar plan five years ago some stage of bankruptcy.

burst of publicity. He also acknowledged that sons and relatives of Hyundai's founder and honorary chairman, Chung Ju Yung, would remain in charge of companies that were no longer technically part of the group.

Some said the government wanted to demonstrate progress in restructuring but was reluctant to exert greater pressure on the chaebol until after provincial and mayoral elections June 4.

President Kim Dae Jung "has got to get political control," said a foreign securities analyst, who requested anonymity. "The government is pressuring for statements, but nobody wants to rock the boat until after the elections. Then it'll be a summer of discontent.

The need for political calm was such that Hyundai Motor Co. disavowed reports that it was planning to lay off 20 percent of its 45,000 emplovees." Those are just stories, said Frank Shin, the company's public-affairs director.

As a portent of the type of labor strife feared by the industry, about 5.000 workers went on strike at Mando Machinery Co., which makes parts for Hyundai and other manufacturers. Mando is one of the few profitable entities of the Halla Group, most of whose key companies are in

FLY: Economic Turmoil Forces Asian Airlines to Restructure and Look for Partners

China's Edge Continued from Page 13

Mrs. Lam, for example, said that having the factory in Shenzhen and headquarters in central Hong Kong, about an handful of global airline hour away by local train, algroups that many Asian carlowed the company to tap riers will join, although they southern China's cheap labor market but also keep in touch with the latest market developments in Europe and Japan.

'Most of our clients deal directly with Hong Kong, where all the staff speaks English, and then they pass along the orders to us in the factory," Mrs. Lam said. "If clients need to verify something, they can just come up from Hong Kong."

In addition to the commuter trains and ferry already in service, a high-speed rail link will soon be opened between Shenzhen and Hong

Kong.
These transportation links also mean that factories in Shenzhen are within easy reach of Hong Kong banks, management consultants and the territory's highly trained labor force. 'If bankers want to inspect

a project where a loan is going, it is very easy to go up across the border and see it themselves," said Jan Lee, chief economist at Hong Kong & Shanghai Banking Corp. "Being near a regional financial center can be very important at times of uncertainty like right now."

Mr. Lee added that while many Southeast Asian countries were entering an era of tight credit for the first time in a decade, Shenzhen had been under an austerity program since 1986.

Somjai Phagaphasvivat, an economist at Bangkok's University. Thammasat warns that if businesses in Southeast Asia follow the Thai example, they will make few of the changes necessary to take maximum advantage of the devaluation of their local currencies.

Multinational toymakers say the advantages offered by Shenzhen factories outweigh the short-term effect of devaluation in Southeast Asia. 'We have half our facto-

ries in China, mostly around Shenzhen, and the rest spread throughout Asia," said the head of Asian manufacturing at one of the largest U.S. toy manufacturers. "We would invest more in China, but we) want to avoid the risk of concentrating too much in one country.

Continued from Page 1 portedly in talks with British In the first half of 1997, air The currencies of Thail- routes last month and decided

strengthen their international networks. We are moving toward a world dominated by a handful of global airline may retain their national identities.'

Under pressure to reduce debt, Thai Airways International PCL and Philippine Airlines Inc. recently said they were prepared to offer substantial equity stakes to foreign airline partners.

All Nippon Airways Co. in Japan has said it will enter into separate wide-ranging commercial alliances this year with Deutsche Lufthansa AG and UAL Corp.'s United Airlines. Pacific Airways Ltd. is re- a continued boom.

Airways PLC that could lead passenger growth in Asia ex- and, Indonesia, the Philip- to lease eight of its Boeing European airlines that are to a similar alliance and help looking to Asia for partners to feed some of the British carrier's passengers to Cathay Pacific. Analysts said such an accord probably would be expanded to include AMR Corp.'s American Airlines, Japan Air Lines Co. and Oantas Airways Ltd.

'The whole drive behind these tie-ups is economies of scale," Mr. Magee said. "The bigger you are, the more power you have in the market. Until its currency crisis ex-

ploded last July, East Asia was the fastest-growing area in the world for commercial air travel. Major operators in the region — most of them designated by their governments as national flag carriers — vied to enlarge and mod-Hong Kong-based Cathay ernize their fleets, banking on

panded 7.3 percent, compared with 4.5 percent worldwide. But it grew just 1.3 percent in the second half of the year and is expected to decline in 1998 as companies and individuals hit by the economic downtum cut air travel.

In a recent report, Moody's Investors Service Inc. warned that the Asian crisis would undermine the financial strength of airlines that were heavily dependent on intra-Asian air traffic, which it said was down as much as 60 percent from a year earlier on some routes.

Moody's said the carriers most vulnerable to the crisis included Thai Airways International Gazuda Indonesia Philippine Airlines. Malaysian Airline System Bhd., Korean Air Lines Co. and Asiana Inc.

pines, Malaysia and South Korea have lost as much as 70 percent of their value against the U.S. dollar since July. Moody's said that many

Asian airlines were in growing financial difficulty because much of their revenue was in local currencies while they had to pay for aircraft and fuel in dollars.

As a result, virtually all major carriers in the region are trying to cut costs by joincommercial alliances with other airlines, dropping unprofitable routes, canceling or delaying aircraft orders, selling some planes and leasing instead of buying others. retrenching staff and disposing of noncore assets.

For example, Malaysian Airline System suspended services on five international

In the most recent move by

an Asian airline to bring in a foreign partner, Thailand under pressure from the International Monetary Fund to get rid of unprofitable state companies — has agreed to privatize Thai Airways, initially by offering a foreign airline a 25 percent equity stake.

Singapore Airlines said this week that it had expressed interest in buying a stake.

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WORLD ROUNDUP

Sammer Out of Cup

WORLD CUP Matthias Sammer, a former European player of the year. said he would not play for Germany in the World Cup because of a

lingering knee injury.
In his absence, Olaf Thon has played as libero. But Thon has damaged ankle ligaments and Berti Vogts, the national coach, has said he might recall Lothar Matthaeus, 37, a former team captain.

 Ilia Gruev, a Bulgarian mid-fielder, is likely to miss the World Cup finals in France after testing positive for a anabolic steroids, Bulgarian officials said.

• The last ticket for the World Cup was sold Thursday at 6 P.M. by telephone. Officials said 170,000 tickets had been sold since April 22 when they opened phone sales to European fans. Officials said the lines received 20 million calls.
(AP, AFP, Reuters)

Player Banned for Lying

SOCCER Oliver Held, a midfielder for Schalke, was suspended by the German soccer federation Thursday for lying to a referee. When Held scored against Cologne, on April 29, the referee asked him if he used his hand. Held said he had headed the ball, and the referee allowed the goal. Schalke won, 1-0. Television replays showed Held had indeed used his hand. The federation said it had suspended Held until May 19 for "unsportsmanlike behavior '' for lying.

Baiul Enters Clinic

ICE SKATING Oksana Bainl, the former Olympic champion, has checked into a clinic to treat her drinking problem. Shelly Schultz. a spokesman for the skater, said Thursday that Baiul, 20, volunteered to enter a center founded by Alcoholics Anonymous.

Luyt Refuses to Resign

RUGBY UNION Louis Luyt refused Thursday to resign as president of the South African Rugby Football Union, deepening a con-frontation with the country's gov-ernment over the sport's failure to become multiracial.

South Africa's National Sports Council has demanded that Luyt resign. SARFU's executive council voted narrowly Thursday not to force Luyt to go but to allow him to resign voluntarily, which he refused to do. The committee did vote, against Luyt's wishes, to apologize to Nelson Mandela for involving him in its court case against the Sports Council. After the meeting the four black committee members resigned. There are no black players in the South African national team.
(AFP, AP, Reuters)

Two Spaniards Lead

GOLF Miguel Martin and Santiago Luna, both Spaniards, hit five-under-par 67s Thursday in the first round of the Balearic Open in Palma, Majorca.



Anders Forsbrand lining up a putt in Palma on Thursday.

WORLD CUP TICKETS WANTED ALL MATCHES TOP \$ PAID 6 06 14 93 36 06 06 14 93 36 03

Victories Bring Sisters Closer

Serena and Venus Williams Must Face Each Other in Italian Open

By Christopher Clarey International Herald Tribune

ROME - Oracene Williams wore a warmup suit and sneakers to the Italian Open on Thursday, which was altogether appropriate.

Keeping up with her gifted daughters at the Foro Italico was no sedentary task. When the round-of-16 began at 1 P.M., Serena Williams was on center court to play four-time Italian Open champion Conchita Martinez. Meanwhile, older sister Venus was on the grandstand court to play Alexandra Fusai, the Frenchwoman who had upset No. 2 seed

Jana Novoma the previous afternoon. While Venus and Serena dashed across the red clay, Oracene dashed across the concourse attempting to stay abreast of developments.

"I think I covered more ground than they did," Oracene said.

On Friday, Mrs. Williams can remain seated. Venus and Serena both won in straight sets, and will play each other in the quarterfinals. It will be their second meeting as professionals. The first came in the second round of the Australian Open, which Venus won, 7-6 (7-4), 6-1. in amatch that featured many more er-

rors than magical moments.
"We haven't talked about that match except to say that we both played bad," Venus said after her 6-1, 6-1 victory over Fusai. "I guess it's kind of like I'm playing me a little bit even though we're different. Someone else doesn't play with me so often and live with me."

Serena was in a more playful mood: 'Actually I wanted to see Venus's match today to do some scouting, but I finished a little later than she did, so I'm

unguarded teammates.

ponents - like Lazio on Wednesday

break free. The punishment he takes is

frightening. At 21, Ronaldo has already

had knee surgery to repair a damaged

aldo, but it could have been almost any

Lazio's part. One key to the game was

the battle - and a battle it truly was -

between Pierluigi Casiraghi, Lazio's

center forward, and Taribo West, the

Casiraghi, a stalwart of Italy's national

Lazio, playing without Alen Boksic,

team, lacks the flair and pace of Ronaldo

or Zamorano, but he is strong, hard-

its Croatian star, had no choice but to try

working and a good header of the ball.

Nigerian defender guarding him.

Indeed, the villainy was not all on

not really sure how she plays," she said, having a much harder time suppressing a giggle than she did suppressing Mar-

Venus, 17, and Serena, 16, are roommates in Rome. They were practice partners long before they were teenagers. and they were doubles partners on Thursday shortly after finishing their singles matches. Venus smacked her sister in the back with a big first serve late in the second set of their victory, but it was purely coincidental. "I was trying to go for a wide one," Venus said.

It was her first faux pas since she and Serena arrived in Rome to play in this venerable claycourt event for the first time. They have had a glimpse of the Coliseum and are planning a visit to the Vatican to view the Sistine Chapel.

On court, the sisters have been all business. Neither has lost a set. Serena has had the much tougher draw thus far, beating 11th-seeded Nathalie Tauziat, 7-5, 6-0, in the first round and then dominating Martinez, the seventh-seeded Spaniard.

Serena, ranked 31st, has beaten six members of the top 10 in her short career, and this was one of her more impressive victories, coming against a player who thrives on clay and won this tournament four straight times before losing in last year's final. But while Martinez plays traditional claycourt tennis, using heavy topspin off her fore-hand and frequently stationing herself far behind the baseline, Serena is an utterly modern player who hits the ball early and with remarkable power. She dictated the pace from the outset and frequently hit winners off Martinez's soft second serve, standing nearly five

feet inside the baseline to receive it. Her run in Rome is all the more remarkable considering that this is Serena's first claycourt tournament, although she does have a green clay court at her family's home in Florida.

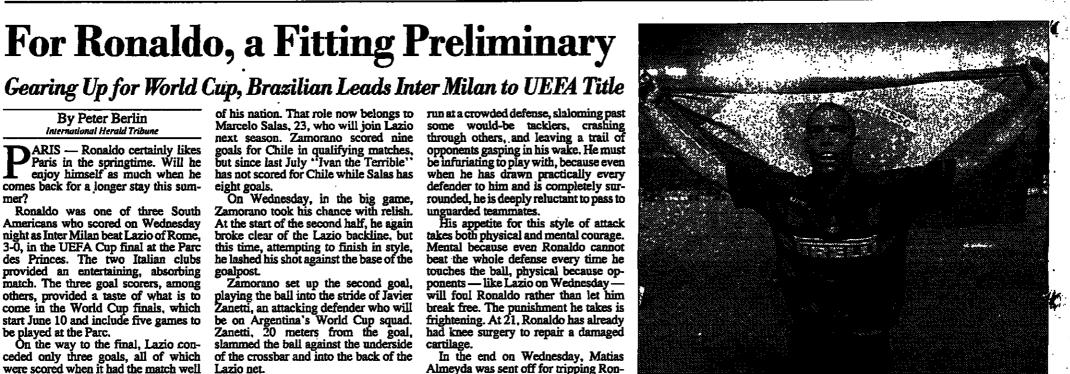
"Red clay is a little different than green," she said. "I tell myself clay is my favorite surface, and when I get to Wimbledon, I'll say grass is my favorite

Monica Seles is also thinking pos-itively, and though she lost, 6-2, 4-6, 7-5, to France's Sandrine Testud on Thursday, she has lost weight and gained enthusiasm in recent weeks. She also has a new coach in Gavin Hopper. who previously transformed Amanda Coetzer into the paragon of focus and fitness. Hopper said Seles told him she wants to be number one again, and though number one players rarely double fault seven times in the third set (as Seles did Thursday), she has regained punch on her groundstrokes.

Anna Kournikova beat reigning French Open champion Iva Majoli, 6-3, 3-6, 6-2, and No. 1 seed Martina Hingis beat Irina Spirlea, 6-1, 6-2. Kournikova and Hingis will play in the quarterfinals, as will Arantxa Sanchez Vicario and the American Lisa Raymond. Testud will meet the winner of Thursday's late match between Mary Pierce and another of the tour's young women in a hurry: Mirjana Lucic of Croatia.

But Lucic, all of 16, will have to hurry to keep up with the Williams sisters. who have a world of ability and don't mind admitting it.

"I don't think Serena and I have any weak points," Venus said. "I think you just have to hope we play bad.



Ronaldo waving a Brazilian flag after Inter Milan beat Lazio of Rome.

to hit cross balls to Casiraghi. As Lazio laid siege to the Inter goal in the first half, Casiraghi fought West for position, and an ugly fight it was. Elbows and boots flew, clutching hands tore at shirts and shorts, tongues and fingers wagged. Casiraghi seemed to play much of the

game in a distracted fury.

Although he won the final battle, when West was sent off for throwing a punch. West won the war, limiting

Casiraghi to one weak strike on goal.

It was a timely reminder that the World Cup will not just be a stage for the Ronaldos and Zamoranos but for the Taribo Wests, too.

Those soccer people complaining about plans to punish foul play more ruthlessly in the World Cup should watch a video of what Ronaldo had to endure, and what West inflicted in a typical evening's work.

Stirring Words About Johansson Said Plenty About Havelange

International Herold Tribune

By Peter Berlin

comes back for a longer stay this sum-

Americans who scored on Wednesday

night as Inter Milan beat Lazio of Rome, 3-0, in the UEFA Cup final at the Parc

des Princes. The two Italian clubs

provided an entertaining, absorbing

match. The three goal scorers, among

others, provided a taste of what is to

come in the World Cup finals, which

start June 10 and include five games to

ceded only three goals, all of which

were scored when it had the match well

in hand. But against Inter, Lazio's de-

Diego Simeone of Argentina, a mid-

fielder, chipped the ball forward and the

defense stood and watched as Ivan

Zamorano, a Chilean, ran forward and

coolly poked the ball past the Lazio

Zamorano, 31, is a star who has been

He will start for Chile in the World

eclipsed in the past 10 months by

younger men. In Milan he has become

Cup, but he is no longer the chief hope

part of Ronaldo's supporting cast.

goalie, Luca Marchegiani.

fense held up for only five minutes.

On the way to the final, Lazio con-

be played at the Parc.

Ronaldo was one of three South

ARIS - Ronaldo certainly likes

Paris in the springtime. Will he enjoy himself as much when he

Serena Williams preparing to serve to Conchita Martinez on Thursday.

For Ronaldo, a Fitting Preliminary

of his nation. That role now belongs to

Marcelo Salas, 23, who will join Lazio next season. Zamorano scored nine

goals for Chile in qualifying matches, but since last July "Ivan the Terrible" has not scored for Chile while Salas has

On Wednesday, in the big game, Zamorano took his chance with relish.

At the start of the second half, he again

broke clear of the Lazio backline, but

this time, attempting to finish in style, he lashed his shot against the base of the

Zamorano set up the second goal,

playing the ball into the stride of Javier

Zanetti, an attacking defender who will

be on Argentina's World Cup squad. Zanetti, 20 meters from the goal,

slammed the ball against the underside

of the crossbar and into the back of the

Ronaldo, meanwhile, started quietly

but finished strongly, breaking away

himself in the 71st minute, skipping

round Marchegiani and scoring Inter's

third goal. Over the length of the game,

Ronaldo displayed the full range of his

with a swerving shot from far out in the first half. He is skillful; he exchanged

some rather showy passes with Youri

Djorkaeff in the first half. He is also fast

Ronaldo's signature is the bursting

and strong and, above all, brave.

He can shoot, he hit the Lazio post

virtues — and his vices.

goalpost

Lazio net.

SLAMABAD — The journeys we make can map out our life, affect our outlook. For some days now, the United Nations' International Labor Office has steered a group of us through Pakistan, where two-thirds of the world's soccer balls are made, some of them by children too poor and too busy stitching to know how to play or to have any clue about how Ronaldo or Alessandro Del Piero make millions using the balls. Del Piero, we hear, is to get the \$4 million-a-year

contract his agent seeks to keep him at Juventus. He knows where he is going, but our subcontinental mission is incomplete. The balls, the boys and the harrowing sight of death by the roadside will form another story on another day. But there is time to relate an intriguing ride

shared by Joao Havelange and Lennart Johansson, the two most powerful presidents in the international business of soccer.

However much they may diplomatically pretend otherwise, they do not like, trust or respect one another. Havelange, president of FIFA, world soc-cer's governing body, has been doing his darndest to try to prevent Johansson, head of the European confederation UEFA, from succeeding him.

The enmity has at times been unsporting, undiplomatic, unparalleled. Havelange has built FIFA into a monstrously influential world or- and dined in apparent affability with Ireland's head ganization. It has more member countries than the of state, Bertie Ahern, in Dublin last week.

World Soccer/Rob Hughes

United Nations and more wealth than the Vatican. It is also highly secretive. Only Havelange and possibly his administrative lieutenant, Sepp Blatter, know how television and marketing deals worth billions of dollars were cut.

Blatter announced last month that he would oppose Johansson for the presidency when Havelange, 83, is obliged to move out on June 8. Blatter has vacated his seat as FIFA generalsecretary to fight the fight against Johansson and vows never to return in that secondary role. It is power and glory, all or nothing, now.

In essence, Blatter has begun setting out policies remarkably similar to Johansson's long-published manifesto, rather than continuing all that the autocrat Havelange did in his 24-year reign; FIFA members are being offered continuity of a kind under Blatter or a complete change under Johansson. It is in spelling out his aims - to democratize

FIFA, to lead with transparency and accountability
that Johansson reveals disrespect for Havelange. Yet, though the two men know the lengths Havelange has gone to in every corner of the globe to find a preferred successor other than the Swede, they embraced, kissed on the cheeks

The public front began at Dublin airport where Johansson, as host to the UEFA congress, waited to greet Havelange's flight from Brazil. The first embrace, the first pecking of cheeks and then the drive not many miles but a long hour in traffic, the loneliness of the two sharing a back seat behind a young Irish Army transport regiment driver.

Since Havelange prefers to conduct interna-tional business in French and Johansson in English, few secrets will have been gleaned by the chauffeur. But after the pleasantries came the politicking. Havelange, an inveterate collector of awards, journeyed to Ireland to receive UEFA's major accolade, the Order of Merit in Diamond. Another show of courtesies, another effort at bonhomie.

However, keeping up appearances did not long survive the congress. Speaker after speaker ad-dressed the presidency, past and future. Not one managed, in five and a half hours' fulminating on Johansson's qualities, to speak the name of Blatter, the "other" European candidate.

Some, of course, paid tribute to Havelange. Yet there were stings and by no means all from the 51 nations of Europe, which, except for Denmark, signed a letter months ago to vote in Johansson.

For Africa, whose support Havelange wooed and won to gain the presidency those 24 years ago, came Issa Hayatou, not merely to confirm that his con-tinent solidly supported Johansson, but to chastise Havelange. The turning point, said Hayatou was

when Havelange unilaterally, as was his way, took a world youth championship away from Nigeria. In more than five hours of continuous praise of Johansson and mild asides about the past, one figure clearly shook the unshakable Havelange. Pele, his countryman and until last week Brazil's sports minister, appeared on two huge screens right before Havelange's gaze.

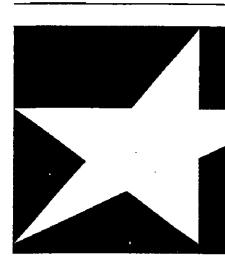
"I support Lennart," said Pele. "I tell all my friends — the African people — that we want to see change. I am going to try to get support in America,

"We have to give the game more democracy, we have to have transparency in the leadership. I have known many leaders, prime ministers, presidents. kings and queens, but I never met anyone with the

enthusiasm and the trust of Lennart Johansson. Pele, who brought a parliamentary bill against corruption in Brazilian soccer (where Ricardo Teixeira, son-in-law of Havelange is president), has an insider's reason to speak against the present regime. Nevertheless it was a significant and hu-

miliating public moment in the presidential debate. We will doubtlessly get more, for as Henry Kissinger said when failing to persuade FIFA to grant the United States the 1990 World Cup: "The politics of FIFA make me nostalgic for the Middle East."

Rob Hughes is on the staff of The Times of



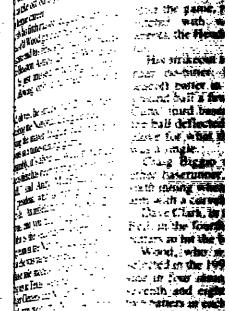
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Astros Record

Strikeouts

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Kerry Wood

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SPORTS

Fresh Eire - Businessmer **Lubs' Wood Stuns Astros** With Record 20 Strikeouts

By Murray Chass

At the Chicago Cubs' organizational meeting in November, club officials were discussing the timetable for Kerry Wood, a highly regarded pitcher in their minor league system. "He's going to tell us when he's ready, said Lester Strode, the minor league pitching coordinator.

After only one start at Iowa of the Pacific Coast League, Wood showed

NL ROUNDUP

1.5

last month he was ready for the major leagues, and the Cubs promoted him. On Wednesday, he showed he was heady to take off on a potentially great major league career.

In only his fifth major league start, the 20-year-old Wood gained his first complete game and his first shutout. In beating the Houston Astros, 2-0, at Wrigley Field, he just missed pitching a no-hitter, allowing only a tainted infield

And, oh yes, he struck out 20 batters - breaking the National League record and tying the major league record for strikeouts in a nine-inning game.

'Arguably, it's about as well pitched a game as there has been in the history of baseball," said Andy MacPhail, the Cubs' president, who is not given to hyperbole. "An infield hit, no walks, 20 strikeouts, and you had it against the team that is the second-most-prolific scoring team in the National League."

What else was there to expect from a kid whose role models, when he was growing up in Texas, were fellow Texis Roger Clemens and Nolan Ryan? Wood, who wears the No. 34 that Ryan made famous in a career in which he struck out a record 5,714 batters, matched the single-game nine-inning record Clemens set against Seattle in 1986 and tied against Detroit 10 years later. When Wood struck out Derek Bell, the last Astros batter, he eclipsed the National League mark shared by the pitching luminaries Steve Carlton

"That's the greatest thrill anyone could be associated with," Wood said making Bell No. 20.

The Associated Press

Rad, gave up 14 hits and 13 runs, and

used seven pitchers. Nevertheless, they

The Yankees beat Texas, 15-13, on

Wednesday night for their 21st victory

AL ROUNDUP

career-high five runs and Jorge Posada

hit a go-ahead single in the eighth inning

dering a 9-0 third-inning lead at the

and drove in five runs for Texas, which

started its rally with a seven-run third

Juan Gonzalez hit a three-run homer

as the Yankees recovered after squan-

Ballpark in Arlington, Texas.

in 23 games. Derek Jeter drove in a

(1969), Tom Seaver (1970) and David

Cone (1991).

won again.



Kerry Wood firing a pitch against the Astros, who managed just one hit.

after the game, referring to Clemens, a pitcher with whom he also shares agents, the Hendricks brothers of Hous-

His strikeout total overshadowed his near no-hitter. Ricky Gutierrez, the leadoff batter in the third inning, hit a ground ball a few feet to the left of the Cubs' third baseman, Kevin Orie, and the ball deflected off the heel of Orie's glove for what the official scorer said was a single.

Craig Biggio was the Astros' only other baserunner, reaching first in the sixth inning when Wood hit him on the arm with a curveball.

Dave Clark, in the second inning, and Bell, in the fourth, were the only Astro batters to hit the ball into the outfield.

Wood, who was the fourth player selected in the 1995 draft, struck out the side in four innings — the first, fifth, seventh and eighth — and struck out two batters in each of three innings, the second, fourth and ninth.

When he began the ninth, Wood, a 6foot-5-inch (1.95-meter) right-hander who turns 21 next month, had a chance to finish with 21 strikeouts. That would have tied the mark for a game of any length that Tom Cheney of Washington set in 16 innings in 1962. Wood struck out Billy Spiers, a pinch-hitter, for No. 19, but Biggio hit a grounder to short for

Wood then finished with a flourish,

Yanks Give Up 13 Runs and Still Win

But Posada's run-scoring single in

the eighth and Jeter's ninth-inning

homer gave the Yankees their seventh

straight triumph and the Rangers their

for extra bases, including four homers

Tigers 10, Athletics 5 Bobby Higgin-

son's two-run homer capped a three-run

eighth inning as Detroit rallied to win at

Oakland in a game that was delayed by

Jim Thome homered and drove in five

runs as the Indians routed slumping

lians 14, Orioles 5 In Cleveland,

third consecutive loss.

and four triples.

In other games. The Associated Press reported:

Braves 7, Dodgers 0 In Atlanta, Greg Maddux allowed five hits in seven innings, and Chipper Jones and Michael Tucker homered as Atlanta beat Los Angeles to win for the eighth time in nine games.

Phillies 7, Rockies 6 Bobby Abreu's

fourth hit of the game, a run-scoring single in the bottom of the 10th inning, gave Philadelphia a victory over Colorado.

but Mark Loretta won the game for the Brewers with a run-scoring double in the bottom of the inning.

Giants 10, Marlins 9 Brent Mayne hit a game-tying grand slam and San Fran-cisco took advantage of seven walks in the final three innings to overcome a 9-3 deficit in Miami. Pirates 5, Cardinals 0 Jason Schmidt

held visiting St. Louis to two hits in seven innings. Jason Christiansen completed a four-hitter for Pittsburgh.

Mets 8, Diamondbacks 2 In New York, Jim Tatum hit a go-ahead single in the eighth inning, in which the Mets rallied for seven runs, as New York won by scoring in its final at-bat for the ninth time this season. Reds 4, Expos 2 In Montreal, Dmitri

Young broke a 2-all tie in the sixth with a homer as visiting Cincinnati won its

second consecutive three-hit shutout as

Tampa Bay stopped a four-game losing

Twins 8, Red Sox 7 Ron Coomer went

as Minnesota held on when host Boston

tripled in the eighth inning and scored

the go-ahead run on David Segui's sac-

rifice fly as Seattle outlasted Chicago.

Jose Canseco and Tony Fernandez hit

solo homers and Juan Samuel scored the

go-ahead run on a fielder's choice

Mariners 10, White Sox 9 Joey Cora

Blue Jays 6, Angels 5 ln Anaheim,

scored three runs in the ninth.

streak with a victory in Kansas City.

Former Teammate Tames Bulls

Charlotte's B.J Armstrong Eclipses Jordan in Dying Moments

حكدًا من الاحل

The Assix ruled Press

CHICAGO — The Chicago Bulls stood around, waiting for Michael Jordan to save them once again. It didn't happen. And the Bulls have Jordan's former backcourt mate to

BJ. Armstrong, the Charlotte guard, scored eight of his 10 points in the final period, including the game-sealing jumper with 17 seconds left, as the Homets rallied to beat Chicago, 78-76,

Wednesday night.

As Armstrong's 17-footer went in he turned toward his old teammates, pumped his fist and started woofing at them. The Bulls could only stare back in

Armstrong, who played on Chicago's first three championship teams of the fresh shooter at the end. B.J. hit big shots decade but was left unprotected in the 1995 expansion draft, wasn't about to let the moment go. He was still yapping at Scottie Pippen after a timeout.

"Some people may be shocked with his attitude and some of his gestures, but give him respect," Jordan said. "He motivated his team and won a game, a

big game for them."

Charlotte's victory evened the Eastern Conference semifinals at one game apiece, with Game 3 on Friday in Char-

After a dismal showing Sunday in which they shot just 36 percent, the Homets appeared to be headed for another bad night after the first three quarters. Glen Rice, who is Charlotte's key scorer but has a history of trouble at Chicago's United Center, was 4-of-12.

Anthony Mason was 5-of-12. Charlotte's shooting accuracy was hovering around the 35 percent mark.

As his team trailed by eight midway As his team hance by eight moway through the fourth quarter, coach Dave Cowens turned to his reserves for help. Armstrong and Dell Curry didn't disappoint him. Curry sparked a 9-0 run with a 3-pointer with 6:46 left, and his followup jumper gave Charlotte a 64-63 lead. Curry scored 13 of his 15 in the final

"B.J. and Dell came in and played big," Cowens said, "I did not play Dell a lot early because we knew they would put a lot of pressure and we wanted a

NBA PLAYOFFS

at the end and kept us organized."
While Armstrong and Curry were rolling, their teammates were shutting the Bulls down. Chicago was just 8-of-24 (33 percent) in the fourth quarter and 31-of-85 (36.5 percent) overall. Scottie Pippen, who finished with 13 points.

was scoreless in the final period, missing all six of his field-goal attempts. Jordan managed to keep the Bulls close, scoring eight of his 22 points in the fourth quarter. But after he hit two free throws to cut the margin to 74-71 with 2:26 left. Mason stopped him

The Bulls wouldn't score again until Luc Longley's layup with 11 seconds left. Toni Kukoc added a meaningless 3pointer at the buzzer.

"Late in the game, they clamped

down defensively," Jordan said, "We rotated and didn't get the baskets that we wanted. They came back with a lot more momentum at that time and made some big baskets down the stretch."

Mason finished with 15 points for Charlotte, and Rice added 14. Vlade Divac grabbed 19 rebounds, including a key offensive one to set up Armstrong's jumper.

Dennis Rodman had 18 rebounds for

Armstrong tried to play down the significance of his shot and his role in beating his old team.

What happened then is then and what happens now is now," he said. "I had a shot that presented itself and I pulled up and shot it with confidence. Fortunately, it went down.

Lakers 92, SuperSonics 68 In Seattle, Shaquille O'Neal got even with Sonics coach George Karl, who criticized the Lakers center's high elbows and hiphop moves in the paint. O'Neal scored 20 of his 26 points in the first half and had 10 rebounds and four blocked shots before leaving with 4:20 to play and the Lakers ahead by 21.

Eddie Jones added a career playoffhigh 23 points, and Nick Van Exel had 16 for the Lakers, who played without 19-year-old All-Star Kobe Bryant, who

missed the game because of the flu. Vin Baker had 13 points, and Gary Payton and Sam Perkins had 12 apiece for Seattle, which was held to a franchise-low postseason scoring output.

The 68 points were the fewest given up by the Lakers in a playoff game.

SCOREBOARD

BASEBALL MAJOR LEAGUE STANDINGS AMERICAN LIAGUS

Checa, Wasdin (3), Shouse (7) and Hatleberg, W—Hawkins, 1-3, L—Checa, 0-2. HR—Alunesola, Cooner (6).

New York 270 400 011—15 18 0 Texas 907 303 900—12 15 0 D. Wells, W. Banks (3), Buddle (4), R. Mendaza (6), Hollmes (6), Stanton (7), M. Rivera (8) and Posada: Wift Crabhree (2), X. Hernandez (4), Gunderson (4), D. Partierson (8), Wetteland (9) and LRodriguez, W—Stanton, 2-0. L—D. Partierson (-1), Sv—M. Rivera (5), Hes.—New York, Knoblauch (2), Jefer (5), O'Neill (3), Raines (2), Taxas, Ju. Genzalez (8), Simms (2). Chicago 110 200 900—9 12 1 Seattle 202 101 31x—10 13 1 Bokkwin, Simas (6), Faulke (7), C. Castillo (7), Kacchner (8) and Kreuter (Goude, Spaljaric (6), Timikn (7), Fossas (7), Slocumb (7), Ayala (9) and D. Wilson, W—Slocumb, 1-1, L—C. Castillo 0-2, Sv—Ayola (6), HRS.—Chucago, Slerra 2 (3), Seattle, E. Martinez (5), D. Wrison (3), R. Davis (6), Taranto 100 101 310—6 10 8 Anathefan 250 000 000—3 12 0 Honson, Escobar (7), Plesoc (8), Ra.Myers (9) and Fletchet, Ofloraes, Hass-Groon, 1-1, Sv—Ra.Myers (2), Anathefan Edmonds (5). Termandez (2), Anathein, Edmonds (5). Termandez (2), Anathein, Edmonds (5), Termandez ## AL DIVISION

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(5), Oéktand, Stoirs (5), Tampa Boy
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Checa. Wasdin (3). Shouse (7) and
Hatleberg, W.—Hawkins, 1-3. L.—Checa, 0-2.
HR.—Munnesoln, Coomer (6).

NATIONAL LEAGUE Los Angeles 600 000 000—0 7 3 Atlanta 600 321 102—7 10 0 Dreifort Osuna (S), Guthrie (7), Rodinsky (8) Dreifort Osung (5), Guthrie (7), Radinsky (8) and Piazza; G.Moddus, Cather (8) and Edd.Parez, W.-G. Maddus, 4-2, L.-Dreifort, 0-

Reynolds and Ausmus K-Wood and S. Martinez W—K, Wood 3-2 L—Reynolds, 2-3. Colorade 800 095 010 0—6 16 9 Philadelphia 208 219 091 1—7 13 9 (10 innings): M. Thompson. B. M. Jones (4). Veres (6). Deleon (8). Dipolo (7). McEiroy (10) and Manwaring, J. Reed (10); Besch. Sprodlin (6). Winston (8). M. Leiter (9) and Parent, Lieberthal (8). W—M. Leiter. 2-0. L—McEiroy, 0-1. HRs—Colorado, Heltos (2). Woller (4).

Montreal

Montreal

Remtinger. Sullivan (8), Share (9) and Toubensee: Vazquez, Kline (7). M. Valdes (8), M. Maddux (9) and Widger. W—Remtinger, 3-3. L—Vazquez, 1-3. Sw—Shaw (11). HRS—Cinclinnant. D. Young (3). Montreal Widger (11). Sen Francisco 000 021 610—10 1; 9 Florida 08 342 000—9 13 0 Rueler, Johnstone (6), S. Reed (7). Nen (9) and Mayner Li-ternandez, F. Heredia (7). Alforseca (7). Darensbourg (8). Stanifer (8). Pail (9) and C. Johnson. W—S. Reed 2-0. L—Datensbourg, 0-4. Sw—Nent (5). HRS—Son Francisco. Bonds (8). Aurita (4). Mayne (2). Florida. Sheffield (4), Bonilla 2 (3), C. Johnson (6).

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Bn.Anderson, Sodowsky (7), Manuel (8)
and Fabregos: B.J.Jones, Bohanon (4), Cook
(7), Rojas (8), J. Franco (9) and Pratt.
W-Rojas, 2-0. L—Sodowsky, 1-2 HR—New
York, McRae (1). JAPANESE LLAGUES

CENTRAL LEAGUE

CENTRAL LEAGUE

PACIFIC LEAGUE

BASKETBALL **NBA PLAYOFFS**

CONFERENCE SEMIFINALS

Jordan 10-21 2-3 22. Longley 6-13 3-3 15 Rebounds—Charlotte 54 (Divac 19). Chicago

LA: ONeol 10-176-626 Jones 7-13-68 23; 5: Baker 5-12 3-4 13. Payton 6-17 0-0 12. Perkins 4-6 1-4 12. Rebounds—Los Angeles 62 (Horry, O'Negl 10), Septile 43 (Schrema 8). Assists—Los Angeles 21 (Fisher 7) Seattle 14 (Paylon 5). Series lied 1-1.

> ICEHOCKEY WORLD CHAMPIONSHIP PRELIMINARY BOUND

FINAL STANDINGS: Czech Republic pints: Belgrus 4: Germany 2: Japan 0. OROUP 8 FINAL STANDINGS: Canada 5 points Slovakia 5: Italy 2; Austria 0.

Switzerland 5 France 1 FINAL STANDINGS: Sweden 6 pob Switzerland 2: United States 2: France 2. Russia 4 Finland 2

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UEFA CUP FINAL

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TRANSITIONS

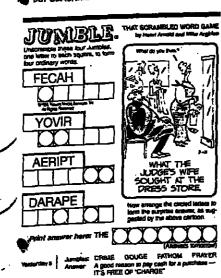
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inning and finally tied it, 13-13, in the Devil Rays 5, Royals 0 Rolando Ar-

ird consecutive loss.

3-for-5 with a homer and LaTroy
Eleven of the Yankees' 18 hits were
Hawkins got his first victory of the year



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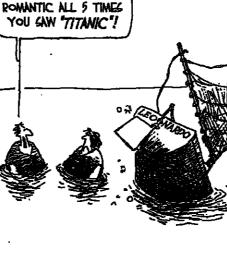
TO START

TWO MILES











DOONESBURY





A Graceful Chronicler

By Elisabeth Bumiller New York Times Service

NEW YORK — William Zinsser is the author of "On Writing Well," a quiet how-to bible that has sold nearly a million copies in 22 years. At 75, he has come to see the teaching of writing as his ministry.

Here are some things Zinsser has told his flock: Clutter is the disease of American writing. Never use "quotidian" for "daily" or "venue" for "place." Be economical with the semicolon, unless you want to sound like Thomas Hardy. (Maybe you do; Zinsser himself uses the semicolon more often these days.) The dash - unfairly considered "a bumpkin at the genteel dinner table of good English" - will get you out of tight corners.

Above all, remember that writing well is lonely and hard. and that all writers are vulnerable and tense. "They're always going to be vulnerable and tense." Zinsser said. "And so am But try to enjoy yourself, he said.

Next week Zinsser is donating his papers to the Fales Library of New York University. There will be a party on Tuesday to celebrate, and also to mark the publication of the

sixth edition of "On Writing Well," which Zinsser updates whenever he learns something new. "I'm still learning stuff that I didn't know five years ago," he said, "No one comes to you in the mid-Medicare years and says: 'That's it! You got it!'

remember that writing well is lonely and hard. Zinsser spoke in his office on East 55th Street as he luxuriated in the noise of buses groaning down Lexington

Above all.

Avenue. "I love it," he said. Zinsser grew up in Great Neck on Long Island, now lives on East 62d Street. He is the courtly offspring of a "very tidy WASP family" specifically, a mother who clipped funny newspaper articles for him when he was a child and a father who was sad when Zinsser rejected the family shellac business for the wonders of the old New York Herald Tribune. It was, of course, a gentle rebellion; no one has ever called Zinsser a revolutionary. But dignified and principled, yes.

He has had many jobs over the years (chief movie critic of the Herald Tribune was among the best), but the one he cherishes most is teacher. From 1970 to 1979, he taught a nonfiction writing course at Yale that grew into his book.

Some of his students became professional writers, Christopher Buckley and Mark Singer of The New Yorker among them, but many more were civilians who became doctors and lawyers. Singer has solicited testimonials from them for Zinsser's party, and judging from the quality of their e-mail, they know, mostly, how to whack through verbal weeds. Zinsser will be pleased.

'My dad thought that Zinsser was great, though he never met the man," wrote Steve Ballou, a family doctor in north-west Quebec. "Of all the work I brought home from Yale, it was my creative-writing papers, and especially the profuse comments in the margins.

that interested him. My dad

said that he really felt he was getting his money's worth."

Zinsser has spent a lot of time this past year pulling to-gether what New York Uni-

'I'm still learning stuff that I didn't know five vears ago.'

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versity calls the William Zinsser Papers. Since he hates pomposity, written and spoken, he is quick to say that his 'papers' consist of his newspaper and magazine articles, as well as 15 books he wrote and six he edited. He also has letters from readers and students.

How has he organized it? "Well," he said. "What you do is get new manila envelopes." He gestured to his office bookshelf, where the envelopes were neatly filed, and to a few cardboard boxes on the floor. "My entire life is in this corner," he said. Inside one of the envelopes was a 1963 article from The Saturday Evening Post on a promising new comedian, Woody Allen - one of about 200 magazine articles Zinsser wrote in a decade as a free-lancer.

Zinsser's two children are now grown. His wife, Caroline, former director of the Bank Street School, is the program officer for education at the Rockefeller Brothers Fund. They have a weekend house in Connecticut, where she gardens and he does not. "I just sort of bicycle around looking for people to talk to," he said cheerfully. "I am not that self-amusing."

Zinsser went to Princeton and teaches writing at the New School, but is giving his papers to NYU because the school wants them. Besides, he likes the idea of having the record of his entire professional life in New York. And he doesn't mind parting with them?

"Well." he said slowly, "I do. But I can get on the No. 6 train and go down and see them."

Anne Heche Awaits the Word: Is She Still a Star?

By Bernard Weinraub New York Tomes Service

OS ANGELES - Anne Heche was one of the fastest-rising I was in it, it was hurtful and young actresses in Hollywood, increasingly sought after by A-list directors and studio executives, a mostly in Ohio and southern comedian and a dramatic actress New Jersey. Her father, Donwhose range and intensity had ald, was, in Heche's words, stirred Hollywood's attention, she seemed poised to be a big star.

Then she and Ellen DeGeneres fell in love.

"I was naive, hugely naive - I fell in love, and I actually didn't he died of AIDS in 1983, believe people would care." Heche, 28, said quietly at the home died in a car crash three she shares with DeGeneres here. months later. After that, she 'And then everything came crash- and her mother. Nancy, ing down, In an instant. I was told I was not going to have a job anymore. The Hollywood community and friends and family backed away. Nobody was there. Nobody was hiring me. And then the word

Seven Nights. Heche was cast in that high-pro-file comedy — which opens in the United States on June 12 — virmally moments before she revealed her relationship with DeGeneres a year ago. The director of the movie, Ivan Reitman, and the studio that was making it. Walt Disney, were worried. Never before had an actor or actress been this forward about having a gay relationship and, at the same time, asked Hollywood and the public to accept them as a heterosexual romantic lead.

And not just an ordinary romantic lead. In this case she was starring opposite Mr. Macho, Harrison Ford, in a film about a sleek New York magazine editor (Heche) who is stranded on a deserted island with a scruffy cargo pilot (Ford). The two have nothing in common, and then.

well, one thing leads to another.

There has never been an openly gay actress in a movie, certainly a movie as big as this - and they had a right to be nervous." Heche said. "All of them were, and I saw that. And I thought, well, she said, referring to the time since

maybe this is an opportunity to change people's minds, to shift consciousness. Maybe it's history-making. But when weird."

Heche grew up poor, "a split personality, schizophrenic, who barely eked out a living as a church organist. A gay man who never revealed his homosexuality. when she was 14. Her brother

life unraveled. We never told the truth in our family - never told the truth about one thing." Heche said. "We were poor, but we came that everybody was going to said we were rich. We were falling apart, but we said we wait and see how I did in 'Six Days. were good Christians. We had a father who lived a double life, but we pretended that we were absolutely fine. We lived on the streets but said we didn't. Everything we did was a lie. Denial. denial, denial.

moved to Chicago, and family

It is Heche's hunger to tell the truth, whatever the price, that led to the media frenzy over her relationship with DeGeneres. As for the cynics who said that Heche's coming out was actually a career move. Heche rolled her eyes. That's brilliant — people saying they're gay to promote their careers, she said.

With the exception of "Force Majeure," a movie directed by Joseph Ruben that opens in August, scripts have been hard to come by for Heche - despite critics overwhelmingly positive comments last vear on her performances as a White House aide in "Wag the Dog" and as the long-suffering wife of the federal agent played by Johnny

Depp in "Donnie Brasco."
I have not gotten any offers,"



DeGeneres, left, and Heche at a Human Rights Campaign Fund dinner.

the making of "Force Majeure." Her nervousness about "Six Days, Seven Nights" is palpable.

"I mean, there is an element of people going to see the movie and wondering if I can create the reality of being with a man on screen and hopefully this will take away everybody's questions," she said.
"Actors act. I want to get back to that. Come on, this is my job, this is what I do.

liberal place until an issue hits too close to home - the sexual orientation of a high-profile actor is, at the very least, a subject of dis-

Reitman, whose other films in-ude "Dave" and "Ghost-usters," insists there was scant clude busters." concern about Heche's private life, added, "she's clear on the char-

better-known actresses as Nicole Kidman and Sandra Bullock. "She had this amazing chemistry with Harrison," said Roger Birnbaum, one of producers.

Reitman said, "She just got un-

der Harrison's skin and made him come alive and energetic in a different way than anyone else had done. He's an extraordinary actor, and you wanted someone to hold But in Hollywood — which is a the frame as well as he can. And she was neither intimidated nor fearful of him."

As for Ford, the star said that Heche's sexual identity was simply not important to him. "I could care less," he said. "I don't judge that to be an issue."

She has a mind of her own," he but this sounds unlikely. To get the acter she's representing and she has world works."

an apparently simple process of acting. Anne doesn't find acting a convoluted process She finds acting easy and

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Mark Hallie

After playing in "Another World" in New York for a time, she moved to Las Angeles in 1988. She got work almost immediately, winning a role in TNT's "Kingfish The Story of Huey P. Long." for example. She received encouragement from directors like Barry Levinson and John Frankenheimer and stars like Jessica Lange and Al Pacino.

Before meeting DeGeneres Vanity Fair's post-Academy Awards party at Morton's two years ago, Heche had been in extended relationships with several men -including Steve Martin, for about two years. She said that as soon as she met DeGeneres whom she had not watched much on television, she was almost blinded with love. "I just knew bliss in that moment, she said.

DeGeneres said she had

an Rights Campaign Fund dinner.

plum role. Heche had beat out such she was and asked my first seen the actress in Walking and Talking who plum role. Heche had beat out such she was and asked my first seen the actress in Walking and Talking who was and asked my first seen the actress in Walking and Talking who was and asked my first seen the actress in Walking and Talking who was and asked my first seen the actress in Walking and Talking who was an actress to the act is that? She's amazing, "said De. Generes." And then I met her at the Vanity Fair party. And it was a

chemistry thing that you can't really describe. It just happened." The two said they hoped to work together soon. Heche said she wants to embark on a writing career, especially if her acting pros-pects are seriously damaged. So is she scared?

She paused again. DeGeneres watched her. "If I didn't act, I'd be crushed." she said. "That's the thing that hurts most. The idea that someone was going to take away what gives me the most pleasure because of my sexual orientation. That's the most unfair part. I don't think that's the way the world works. I hope it's not the way the

PEOPLE



The singer Andrea Bocelli receiving his World Music

A MONG the big winners at a World Music Awards ceremony in Monaco were Mariah Carey, Gloria Estefan and Andrea Bocelli. The event, under the patronage of Prince Albert and Princess Stephanie, rewards record sales. The actor Mickey Rourke and the former boxing champion Mike Tyson presented some of the top prizes in front of an audience of about 1,000. Funds raised by the ceremony will go to help build hospitals in Niger and Egypt.

the late variety-music star Claude Francois, was France's biggest musical export last year, 30 years after it was first penned. Frank Sinatra made the song into an even bigger hit called "My Way." SACEM, the French association of music writers and composers, said François' song sold more abroad in 1997 than any other French musical work. In second place was Maurice Ravel's "Bolero." "Go West," the song made Award from the Italian actress Monica Bellucci. famous by the Village People in 1978

MONG the big winners at a World and written by two Frenchmen, Jacques venue. But that idea fizzled, too, so Fuji Morali and Henri Belolo, was ninth.

> Roger Moore, the actor who played James Bond seven times since 1973, says there's too much violence these days — particularly when it comes to 007. "I didn't like the last few Bond films, Moore said. "The bad guy was machine-

gunning hundreds of people down. "Seinfeld" fans will have to make like Jerry, George, Elaine and Kramer Cape Times. Botha, 82, broke off the "Comme d'Habitude," the hit song for the final episode and hang out at engagement after confronting Naude, home. Fuji Photo Film gave up on plans to stage a "Seinfest" in New York City for thousands to watch the May 14 finale together. "People are as surprised as we are that New York's not doing a party." said Mindy Kramer, the company spokeswoman. The effort to pull

together a public farewell had been go-

ing on for weeks. Mayor Rudolph Gi-

uliani rejected the notion of staging a

bash in Times Square, which prompted

Radio City Music Hall to offer itself as a

hoped for Bryant Park The parks com-missioner said "no," but floated the possibility of Central Park. It's too late now, said Fuji, which has purchased \$1.8 million worth of commercials for the last episode.

The engagement between the former South African president Pieter W. Boths and Reinette te Water Naude is reported to be off because the francée is still seeing her former boyfriend, according to the over rumors that she was seen hand-in hand with Pik Schoeman, a police detective, the newspaper said. Botha and Naude became engaged in October.

· 🗆 Aerosmith's lead singer. Steven Tyler, is on the mend from knee surgers that forced the band to postpone it North American tour through June 4 Tyler hurt his knee when he fell during concert in Alaska last week.

Rattled Japan

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In Awakening in uttered Women Get Attention in Sensitize the Public to Domest

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